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Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 1 March 2012

Journal des débats (Hansard)

Jeudi 1^{er} mars 2012

Standing Committee on Finance and Economic Affairs

Organization

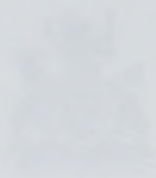
Comité permanent des finances et des affaires économiques

Organisation



Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
Greffière : Valerie Quioc Lim



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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 1 March 2012

Jeudi 1^{er} mars 2012*The committee met at 0906 in room 151.*

ELECTION OF CHAIR

The Clerk of the Committee (Ms. Valerie Quioc Lim): Good morning, honourable members. It is my duty to call upon you to elect a Chair. Are there any nominations?

Mrs. Teresa Piruzza: Yes, I'd like to nominate Bob Delaney as Chair of this committee.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Mr. Delaney has been nominated. Do you accept the nomination?

Mr. Bob Delaney: Yes, I do.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Are there any further nominations?

There being no further nominations, I declare the nominations closed and Mr. Delaney elected as Chair. Mr. Delaney, would you take the Chair?

Applause.

The Chair (Mr. Bob Delaney): I thank my producer and my director for that kind nomination.

ELECTION OF VICE-CHAIR

The Chair (Mr. Bob Delaney): Good morning, honourable members. My first duty as your Chair is to entertain a motion for Vice-Chair. Are there any motions?

Mr. Yasir Naqvi: Chair, congratulations on your election. I'd like to nominate Teresa Piruzza as the Vice-Chair of the committee.

The Chair (Mr. Bob Delaney): Are there any further nominations?

Mrs. Piruzza, do you accept the nomination?

Mrs. Teresa Piruzza: I accept.

The Chair (Mr. Bob Delaney): If there are no further nominations, I declare Teresa Piruzza elected as Vice-Chair of the Standing Committee on Finance and Economic Affairs. Congratulations.

Applause.

APPOINTMENT OF SUBCOMMITTEE

The Chair (Mr. Bob Delaney): Our third item on the agenda today: Do we have a motion to appoint the subcommittee on committee business? Mr. Shurman.

Mrs. Teresa Piruzza: Chair?

The Chair (Mr. Bob Delaney): We have—oh, I'm sorry.

Mrs. Teresa Piruzza: I do have a motion to move with respect to subcommittee. I move that a subcommittee on committee business be appointed to meet from time to time, at the call of the Chair or at the request of any member thereof, to consider and report to the committee on the business of the committee;

That the presence of all members of the committee is necessary to constitute a meeting; and

That the subcommittee be composed of the following members: the Chair as chair, Mr. Naqvi, Mr. Shurman, and Mr. Prue; and

That substitution be permitted on the subcommittee.

The Chair (Mr. Bob Delaney): Okay, thank you. Is there any discussion or comments? No discussion?

If none, I'll put the question. Shall the motion carry? Carried.

BRIEFING

The Chair (Mr. Bob Delaney): The business of our committee is now done. I believe our clerk would like to provide a briefing on committee business. Thank you all.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Thank you, Chair.

My name is Valerie Quioc Lim and I'm the committee clerk. I'd just like to take a few minutes to give a brief overview of the committee and to explain my role. Then I will turn it over to Susan Viets, the committee's research officer, to speak briefly about her role.

This committee is one of three standing committees involved with the financial accountability cycle. Its mandate is set out in standing order 108(e), which states that the committee "is empowered to consider and report to the House its observations, opinions and recommendations on the fiscal and economic policies of the province and to which all related documents shall be deemed to have been referred immediately when said documents are tabled."

Government bills or private members' public bills may be referred by the House to the committee either after first or second reading. The committee's function is to examine the text of a bill in detail, or clause by clause, and may propose amendments as it sees fit. The committee often holds public hearings to consider the views

and opinions of individuals or groups on any of the bills that it is examining.

The House may also refer any matter or issue to the committee, which the committee considers in a similar manner as a bill, and the committee may write a substantive report of its findings and present it to the House.

The committee also, traditionally, or historically, holds pre-budget hearings in the winter adjournment, travelling to various cities in the province. The committee's findings are also usually presented in a substantive report and presented to the House.

With the consent of the majority of its members, the committee may study any issue within its mandate.

As committee clerk, my role is to provide confidential, non-partisan procedural advice and administrative support to all members of this committee. My office will notify you of any upcoming committee meetings or sub-committee meetings, and we'll send any relevant materials to you.

The committee's procedural and administrative practices are outlined in more detail in the committee resource binder, which was sent to your office and, hopefully, you have received. My contact information is on the back page, so please feel free to contact me, or you can contact my assistant, Marie, if you have any questions or if you need any assistance.

I just want to draw your attention to some of the staff that we have here. Committee meetings are regularly staffed by a Hansard reporter, who sits at the table to my right, and a broadcast and recording operator, who con-

trols some microphones. Meetings here in 151 have interpreters, whom you see at the booth back there.

Again, please contact me if you have any questions or you need any assistance, and I look forward to working with all of you.

Now I turn the time to Susan Viets.

Ms. Susan Viets: Hi; my name is Susan Viets. I'm the research officer attached to the committee. Like Valerie's, the role of the research officer is to provide confidential, non-partisan research support for the committee.

There are three primary roles that the research officer plays with this committee. The first is, on instruction from the committee, to prepare a summary of witness recommendations made during hearings on bills. Secondly is a broader research support role, which is, again, to answer any questions posed by the committee or to provide any research or background material that the committee believes would be helpful for its work. Finally, as Valerie mentioned, traditionally there are pre-budget hearings held through this committee, and so the role of the research officer then is also to prepare a summary of the witness recommendations made during the pre-budget hearings and also, on instruction from committee, to draft the report for the committee.

The Chair (Mr. Bob Delaney): Is there any discussion or comments? Any further business for the committee on this day?

Our meeting is adjourned. Thank you all very much.
The committee adjourned at 0913.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Bob Delaney (Mississauga–Streetsville L)

Vice-Chair / Vice-Présidente

Ms. Teresa Piruzza (Windsor West / Windsor-Ouest L)

Mr. Bob Delaney (Mississauga–Streetsville L)

Mr. Vic Fedeli (Nipissing PC)

Ms. Cindy Forster (Welland ND)

Mr. Monte McNaughton (Lambton–Kent–Middlesex PC)

Mr. Yasir Naqvi (Ottawa Centre / Ottawa-Centre L)

Ms. Teresa Piruzza (Windsor West / Windsor-Ouest L)

Mr. Michael Prue (Beaches–East York ND)

Mr. Peter Shurman (Thornhill PC)

Ms. Soo Wong (Scarborough–Agincourt L)

Substitutions / Membres remplaçants

Ms. Helena Jaczek (Oak Ridges–Markham L)

Clerk / Greffière

Ms. Valerie Quioc Lim

Staff / Personnel

Ms. Susan Viets, research officer,
Legislative Research Service



Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 22 March 2012

Journal des débats (Hansard)

Jeudi 22 mars 2012

Standing Committee on Finance and Economic Affairs

Subcommittee report

Comité permanent des finances et des affaires économiques

Rapport du sous-comité

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
Greffière : Valerie Quioc Lim



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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 22 March 2012

Jeudi 22 mars 2012

The committee met at 0901 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Good morning. Nothing like punctuality. The Standing Committee on Finance and Economic Affairs will now come to order.

This morning we have the report of the subcommittee on Bill 2. Do we have someone to read the report into the record?

Mr. Yasir Naqvi: Chair, it would be my honour.

Your subcommittee met on Thursday, March 8, 2012, to consider the method of proceeding on Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit, and recommends the following:

(1) That the committee meet in Toronto on Thursday, April 5, 2012, to hold public hearings.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel and the Legislative Assembly website prior to the adoption of the subcommittee report.

(3) That the committee clerk, in consultation with the Chair, place an advertisement during the week of March 19, 2012, for one day only, in either the Toronto Star or the Globe and Mail and in Le Droit, prior to the adoption of the subcommittee report.

(4) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 4 p.m. on Wednesday, March 28, 2012.

(5) That, if all requests to appear can be scheduled, the committee clerk can proceed to schedule all witnesses.

(6) That, if necessary, the committee clerk provide the members of the subcommittee the list of requests to appear to be prioritized.

(7) That requests to appear received after the deadline may be accepted if they can be scheduled.

(8) That witnesses be scheduled in 15-minute intervals, with 10 minutes allotted for their presentation and five minutes for questions from committee members (one caucus per presentation, on a rotational basis).

(9) That the deadline for written submissions be 5 p.m. on Thursday, April 5, 2012.

(10) That, prior to the hearings, the research officer provide the committee with background information on the cost of implementing the healthy homes renovation tax credit and where the money is offset from.

(11) That, for administrative purposes, proposed amendments to the bill be filed with the clerk of the committee by 4 p.m. on Monday, April 16, 2012.

(12) That the committee meet on Thursday, April 19, 2012, for clause-by-clause consideration of the bill.

(13) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

Chair, I move the adoption of the subcommittee report, as just read.

The Chair (Mr. Bob Delaney): Any discussion? Mr. Prue.

Mr. Michael Prue: Just in number (10), it's only a grammatical—it should be, “and from where the money is offset.” You cannot have a dangling participle. I don't think it was—

The Chair (Mr. Bob Delaney): I am shocked—shocked—at such an omission.

Mr. Michael Prue: I would move that amendment.

Mr. Yasir Naqvi: I would second that amendment.

The Chair (Mr. Bob Delaney): I think that's a friendly amendment made for the purpose of grammatical correction. Thank you very much.

Is there any further discussion on items of equal gravity? Mr. Shurman, surely you can find something in this that you want—

Mr. Peter Shurman: I wish it recorded that I said good morning to the Chair of the committee.

The Chair (Mr. Bob Delaney): And good morning, Mr. Shurman.

Are we ready to go to a vote? Is it the pleasure of the committee that the report be adopted? Okay, the motion is carried.

Any other business? Okay. On that note, this meeting is adjourned. Our next meeting is on Thursday, April 5, 2012. Pick up a cup of coffee or tea on your way out. Thank you very much, one and all. This meeting is adjourned.

The committee adjourned at 0905.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Mr. Bob Delaney (Mississauga–Streetsville L)

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Ms. Susan Viets, research officer,
Legislative Research Service



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First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 5 April 2012

Journal des débats (Hansard)

Jeudi 5 avril 2012

Standing Committee on Finance and Economic Affairs

Healthy Homes Renovation
Tax Credit Act, 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 sur le crédit d'impôt
pour l'aménagement du logement
axé sur le bien-être

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 5 April 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 5 avril 2012

*The committee met at 0845 in room 151.*HEALTHY HOMES RENOVATION
TAX CREDIT ACT, 2012LOI DE 2012 SUR LE CRÉDIT D'IMPÔT
POUR L'AMÉNAGEMENT DU LOGEMENT
AXÉ SUR LE BIEN-ÊTRE

Consideration of the following bill:

Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit / Projet de loi 2, Loi modifiant la Loi de 2007 sur les impôts en vue de mettre en oeuvre le crédit d'impôt pour l'aménagement du logement axé sur le bien-être.

The Chair (Mr. Bob Delaney): Good morning, everybody. The Standing Committee on Finance and Economic Affairs will please come to order. The Chair will note that in fact it is in order. We're here for public hearings on Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit.

MOTION SPECIALTIES

The Chair (Mr. Bob Delaney): I see our first deputant is here. I'd like to welcome Jim Closs of Motion Specialties. Jim, you'll have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the official opposition.

Please state your name for Hansard, and you're on your way.

Mr. Jim Closs: Okay. My name is Jim Closs, actually, from Motion Specialties. I'm the vice-president of lifts and elevating and home accessibility. I thank you for your time this morning and for the warm welcome I've received so far. If you don't mind, I'll probably just read from my presentation I put in the folder. I did some memory work and had to do a presentation last night so I'm pretty much maxed out when it comes to memorizing stuff. I'm not as versed as you people in memorizing speeches.

Motion Specialties has been in business since 1985 and has 19 locations throughout the province. Recently we have become part of the Centric health care family, and as such we now represent the MEDiChair home health care family of franchisees. Together we have over 75 locations in every part of the province and 94 across

Canada. That makes us the largest home health care retailer in Canada currently.

The Motion Specialties and MEDiChair combined efforts employ about 800 Ontarians, while Centric Health collectively employs over 1,200 Ontarians, excluding the 800 from the home health care division.

As the vice-president of elevating and home access, I oversee the sales and operations of this product channel in our various locations. I have been involved in this aspect of home care for over 20 years. In that time, I've interacted with thousands of seniors and their families, assisting them with modifying their homes for safety and access. It's not new to me.

From my experience, it's safe to say that for the vast majority of these projects, they are unplanned by the families, and in most cases unwanted, but always necessary. It is not the desire of these seniors or their families to leave their home. The home is the single most important financial investment that they can make over a lifetime, and the prospect of leaving their home is usually overwhelming to most. It's also safe to say that planning for an alteration to a home for wheelchair use or otherwise is certainly not at the top of anyone's priority list. Large-screen TVs and kitchen renovations tend to lead that list; nobody really foresees themselves in a wheelchair.

The current shortage of long-term-care and retirement beds in the province is well documented, as is the cost to catch up with that need. Our business plan reflects this need, and we are planning to increase our staff as the need grows. We estimate, through statistics and market research, that there are, conservatively, currently 40,000 Ontario residents that could benefit from a stair lift installation, and I have provided some information and some stair lift brochures in the package if anyone is not aware of what they are. Stairs have surpassed the bathroom as the number one falling danger in the home.

We estimate another over 100,000 of the population could make use of other lifting devices that we provide, and certainly more could make use of some alteration to their home to make it safer. We also believe that there are thousands of seniors that will benefit from bathroom safety products, including walk-in showers, bathtubs, etc. We base our business plan off the estimates of the \$150 million in emergency care costs that relate to slips and falls in the bathroom.

The proposed healthy home tax credit is a welcome program to those in need and to our industry. The combined market numbers do not come close to the climb in demand. We also deal on a regular basis with those families that have mothers and fathers moving back in with them, families that have a disabled or elderly relative or disabled children and that need to alter their homes to accommodate their special needs. We believe this tax credit should be the first of others that could help alleviate some of the financial burden felt by Ontarians who have to dive into their savings or refinance their home to accommodate these renovations.

0850

The addition of this tax credit will help raise awareness as well as increase our need for the hiring of salespeople, management, support staff and technicians. We partner with general contractors, designers, suppliers, manufacturers and all trades to fulfill many of the projects that we deal with, and this plan will certainly increase that financial interaction.

We also believe that the expansion of home improvement projects in general and the success of the 2009 home renovation program has helped raise awareness in homeowners that they should be planning for the future. This forward thinking will generate a new arena of home renovators and specialists, including ourselves, most of which will require additional hiring and training.

Motion Specialties, by our name, was started with the end-user in mind by putting those with the highest need in our province back in motion. As our clientele's needs have expanded, so have our services. We are committed to bring access and safety to our many, many clients—we estimate that we touch over 400,000 Ontarians a year—and we strongly believe that this tax credit program will stimulate our business and assist many Ontarians in need.

That's my two-page dissertation. If there are any questions, please.

The Chair (Mr. Bob Delaney): Okay. Mr. Shurman, it's all yours.

Mr. Peter Shurman: Good morning, committee members, and good morning, Mr. Closs. Thanks for coming in front of us. I think you're probably aware—before you even walked into the room you were aware—that my party doesn't support this legislation.

Mr. Jim Closs: Right.

Mr. Peter Shurman: Okay. Do you need me to explain why that is—and I'm not patronizing you in any way—or do you understand why that is?

Mr. Jim Closs: No, please explain it.

Mr. Peter Shurman: Okay. Well, we have taken the position that in the constraints that our province finds itself, from a financial perspective, taking on new spending and favouring one particular group over another, moreover, a group like seniors, which in this case is not just seniors but seniors with particular disabilities, while very much a needy group—and I've been through this, by the way, with both my parents, so I'm not blowing smoke—is inappropriate in terms of the choices that we could make. So I'm interested in your reaction to that

because, if the government really wanted to spend money on a group that was in some dire straits, it could have looked at seniors as a whole and said, "Let's spread this money around and give everybody an opportunity because there are a lot of people who just can't even feed themselves and are making choices." They could have said, "There are not enough spaces for autistic children." They could have said, "There are not enough long-term-care beds." There are lots of choices to make. We happen to think that, while a worthy group, it's not the only group. I'd like you to react to that.

Mr. Jim Closs: Well, I can only speak from my experience, as I deal on a daily basis—we get called into people's homes on a daily basis that are struggling, that have to make these renovations to their homes. There is no choice for them; there is no location for them to go. If they're on a waiting list for a long-term-care bed or a retirement-home bed, the cost of moving, with your land transfer tax, with legal fees, with real estate fees, sometimes is inhibitive for them. If you've gone through it yourself, you understand that.

Many of these people have lived in their neighbourhoods for 40 or 50 years, so they don't want to move. Obviously, there is a point in time at which they cannot remain, regardless of what device we put in for them. But we see, on a daily basis, regardless of some of the programs that are in place for funding—generally they are income-based. By the definition of being a homeowner in Ontario, you have to have a substantial income to maintain your home, pay your taxes, so you disqualify yourself from a lot of the programs, and if you do qualify it's a long process to get.

So this tax credit, be it as it is, that comes back to them would probably stimulate a lot of them to make that final decision. A lot of them hold back—it's beyond the need; they had to do it a year ago or six months ago, and they're only holding back because of financial reasons. So we believe that there would be a stimulus to this.

Mr. Peter Shurman: Well, I suspect, at the end of the day, this program is going to go through whether my party favours it or not, so I want to look at the realities. The reality is that, if you're a wealthier senior or you have a family that can help you, then you're in better shape than if you're not as well off or if you don't have anybody around you as a support circle. Would you not agree with that? Just because of the nature of the—

Mr. Jim Closs: Yes, the nature of who we see on a regular basis—again, we don't carry statistics; we're not a mature industry or marketplace that would have some of the market research that I could throw at you. I only know from personal experience that the majority of the people that we see are, again, those people who have owned their homes for 40 or 50 years, have paid their mortgage off but are living on whatever pension that they have—

Mr. Peter Shurman: It's usually a fixed income or pension or something.

Mr. Jim Closs: Correct. So the idea of putting \$20,000 or \$30,000 into their home—the idea of staying

in their home obviously is the motivator, and the idea of becoming safer and being able to access upstairs is certainly what they want to do, but the \$30,000 shocks them. In today's world, a \$30,000 renovation is not a massive thing, but the mindset of somebody who's a senior is that it's an insurmountable amount of money.

Granted, you mentioned the family support. We do deal with that quite a bit. There is a family decision made, obviously.

Mr. Peter Shurman: You're a for-profit company, of course?

Mr. Jim Closs: Of course.

Mr. Peter Shurman: All right. This is not a smarmy comment; obviously, you benefit from this. Do you, in any way, take into consideration the financial circumstances of your customers and their ability to pay?

Mr. Jim Closs: Certainly.

Mr. Peter Shurman: Okay. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation this morning. Very kind of you to come in.

Mr. Jim Closs: Once again, thank you. I enjoyed it.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Home Builders' Association. Please make yourself comfortable.

Ms. Sandra Baldwin: Good morning.

The Chair (Mr. Bob Delaney): Please begin by stating your name for Hansard. You have 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the New Democrats.

Ms. Sandra Baldwin: Good morning, Mr. Chair and members of the committee. My name is Sandra Baldwin, and I am the current chair of the Ontario Home Builders' Association renovators council. I am also the president of Lifetime Contractor, a renovation company in Toronto. I also teach in the construction and renovation stream at George Brown College. I chair Enerquality's green renovation committee, which is dedicated to designing courses and curriculum to train renovators in options for green renovations.

I am joined today by Victor Fiume, who is the OHBA past chair and also a member of the Durham home builders' association.

The Ontario Home Builders' Association is the voice of the residential construction industry across Ontario. Our association represents 4,000 member companies organized into 29 local groups around the province. Our sector supports over 334,000 jobs here in Ontario, paying some \$16.9 billion in wages and contributing \$34.4 billion to the provincial economy. The renovation industry in Ontario is actually larger than the new-home construction industry. The renovation sector represents \$21 billion in economic activity annually in Ontario.

OHBA has approximately 600 renovator members across the province. We are very grateful and we thank you for the opportunity to speak today on this very important legislation, Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012. The tax credit proposed in this legislation represents a tremendous opportunity for the government to achieve both social and economic goals.

First, the renovation tax credit will achieve the objective of allowing seniors to age in place. Maintaining health, independence and dignity is a very important objective which the legislation seeks to address. As our society ages, it's very important that policy makers provide seniors the tools to allow them to live a full life. A report by CMHC, Canada Mortgage and Housing, found that 85% of those over 55 years old stated that they wish to remain at home. Even if their health declines, they wish to remain at home as long as possible.

0900

Current academic research demonstrates that aging in place is preferable for seniors to moving into assisted-living situations. Research from U of T, conducted for the Health Services Restructuring Committee, noted that many people who are currently being admitted to long-term-care facilities could receive support in their homes or in a home setting. The Toronto Central Local Health Integration Network seniors council also finds that government priority should be to enable seniors to live independently in the community for as long as possible. In other words, the government can deal with this problem to help address the preferences of seniors and ease the burden of long-term-care facilities on the system.

A second policy objective that is being achieved is the potential cost-savings. Bill 2 complements the findings in the recent Drummond report, which suggests that a shift from costly long-term-care facilities to home care will save a significant amount of money. Although the tax rebate is estimated to cost the province \$60 million annually, this amount needs to be put into context with other supports the government offers seniors.

Currently, the province spends \$3.44 billion in long-term-care homes. Recommendation 5-26 of the Drummond report states that the government should "resist the natural temptation to build many more long-term-care facilities for an aging population until the government can assess what can be done by emphasizing to a greater extent the use of home-based care that is supported by community services. Home-based care is less expensive and should generate greater population satisfaction."

Providing a tax credit to install grab bars, wheelchair ramps and walk-in bathtubs will ensure seniors will be able to stay in their homes longer, which ultimately saves the province money and does not put a strain on expensive long-term-care facilities.

The third important component of this legislation addresses the underground economy. As you're probably very well aware, the underground economy is the top

concern of the renovation industry as we operate, as countless of our jobs—

The Chair (Mr. Bob Delaney): I should advise you that you have about two minutes to go.

Ms. Sandra Baldwin: Okay. Countless jobs are lost from the legitimate operator, professional contractor, to the underground economy. This compromises safety for the homeowner, when they do an off-contract job, and it hurts the economy.

Apparently, as a result of an Environics survey, 56% of homeowners admit to doing underground cash payments, and 68% responded that, if there was a rebate in place, they would opt to do contracted work.

So as I mentioned, that's \$21 billion from our industry, \$14 billion spent through contractor renovations directly. And we know that with underground economy work, as a result of an Altus Group study, about \$5.2 billion, or 37% of all contracted renovations, go underground. It affects the revenues of GST by \$298 million; \$1.6 billion in income tax revenue dollars is lost annually to the underground economy; and \$767 million from other revenues, such as Canada pension, WSIB and insurance premiums, are lost annually to the underground economy.

So we believe that the receipts generated from a tax credit like the eco energy credit, the home renovation tax credit and now the healthy homes tax credit would allow cross-referencing for the Canada Revenue Agency to find the underground operators who don't get permits and who put homeowners at risk.

The Chair (Mr. Bob Delaney): Thank you. Our questions for the next five minutes will come from the New Democrats. Mr. Prue?

Mr. Michael Prue: I'm most interested in your talk on the underground economy. This is a very small government program. How much can \$60 million do towards stopping an underground economy, considering that you earlier said—what was it, \$3.4 billion or something for home renovation per year? I forget the figure you used.

Ms. Sandra Baldwin: Twenty-one billion, for renovations.

Mr. Michael Prue: How much can \$60 million influence a \$21-billion industry, with a lot of it underground?

Mr. Victor Fiume: Thank you for the question. Clearly, \$60 million, in itself, will not stem the tide. But I think you have to remember as well that one of the things that the home renovation tax credit and the eco energy audit programs, both provincially and federally, demonstrated was that for \$1 of rebate that was given to the homeowners, they spent \$10 out of their own pocket. So we're leveraging \$60 million in rebates to a \$600-million expenditure by homeowners within this province. Clearly, compared to \$21 billion, it is a small percentage of that but certainly a step in the right direction, and we would encourage the government to undertake more of these types of rebates where receipts are required, in order to get hold of the runaway underground cash economy.

Mr. Michael Prue: Just a question: Yes, people will want to pay this from their income tax. They're going to get a 15%, approximate, rebate, which is almost exactly the HST. If they paid underground, really they would have a choice—and I acknowledge, I don't want people going underground, because I think it rips the whole system off. But if a senior is looking at this, and a guy comes to the door and says, "I can do this for \$10,000, and if you give me cash, there's no HST, or I can do it for \$10,000 plus HST and you can get a rebate of approximately the same amount," there's not much in this for a senior.

Mr. Victor Fiume: The 13% versus 15%—again, not a big spread. That's where we come in, as the Ontario Home Builders' Association, and professional associations such as ours, renovators' councils that we have, RenoMark, which is our renovation branding here in Ontario. This is all part and parcel of dealing with a professional. This is what we talk about to our customers every single day, and I think it legitimizes dealing with a contractor who is professional and knows what they're doing.

Ms. Sandra Baldwin: May I also add that if we can use the renovation tax credit as an example, we did see a spike in the jobs for our industry of 18.1% in that year. I think that a lot of that spike was seeing jobs that were happening, but they came above ground. So we think that's very important to note.

Mr. Michael Prue: What is the single best thing a government can do to get rid of the underground economy? I think that's the biggest issue.

Mr. Victor Fiume: I guess a number of issues: I think there has to be a program in conjunction with the federal government—one, education, and also enforcement. I'm not sure that homeowners appreciate the legal ramifications of dealing with somebody, paying cash, that typically doesn't carry WSIB coverage, for example. We are facing a \$14-billion unfunded liability there in the WSIB, or whatever the amount is. If somebody falls at your house and has a devastating injury and they're not covered by WSIB, they're in trouble.

The Chair (Mr. Bob Delaney): I'm going to have to stop you there. Thank you very much for having come in this morning. This concludes your deputation.

Ms. Sandra Baldwin: Thank you very much.

MARCH OF DIMES CANADA

The Chair (Mr. Bob Delaney): Our next deputation will come from March of Dimes Canada. If Jerry Lucas is present, or Steven Christianson, please come forward. Please sit down. Make yourselves comfortable. You'll have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the government. Please state your name for Hansard and then begin.

0910

Mr. Steven Christianson: Good morning, Mr. Chair and members of the committee. Thank you for the opportunity to share our thoughts and experiences regarding the healthy homes renovation tax credit. My name is Steven Christianson. I'm the national manager of government relations and advocacy at March of Dimes Canada.

A few introductory remarks, after which Jerry Lucas, our vice-president of programs, will provide a more fulsome discussion of our view of where Bill 2 will be positioned in the landscape of accessibility measures, home renovations and increasing independence for Ontarians with disabilities.

March of Dimes provides community-based rehabilitation services to physically disabled individuals of all ages. Our mission is to assist people with physical disabilities to maximize their independence, personal empowerment and community participation.

When we consider Bill 2, the context of our work in Ontario draws from a number of sources, all of which requires a keen knowledge of the Ontario building code, the Accessibility for Ontarians with Disabilities Act, the home and vehicle modification program, and Ontario Renovates. In serving upwards of 50,000 consumers, we need to be fully aware of how each interacts with the other, and how the sum of these parts works towards achieving greater accessibility in Ontario.

It's interesting to note that, with the scope of our work having a national perspective, we see similar tax credits for accessibility and home renovations being considered in other provinces as we speak. So Bill 2 is certainly consistent with a legislative trend, if you will.

We'll move on to Jerry.

Mr. Jerry Lucas: Thank you, and thank you for this opportunity to speak to Bill 2.

March of Dimes has been a leading advocate and service provider in the field of accessibility for over 60 years.

We're passionate about seeing accessibility measures like the healthy homes renovation tax credit implemented. I want to stress that such measures should be seen not in isolation from other programs and services but in conjunction with them. I'll be explaining this shortly.

In the 1970s, Ontario March of Dimes was the first agency to employ barrier-free design architects, the first to employ community development staff to work on local issues such as accessibility and para-transit, and a regular consultant on changes to the Ontario and national building codes. In 1986, March of Dimes was the first recipient of the Premier's Award for Accessibility.

For the past two decades, we have been a consultant to the Ontario Trillium Foundation, reviewing all requests for funding modifications to facilities serving the public, advising on the best and most economical ways to achieve the results prior to any grant being approved. In partnership with Quadrangle Architects Ltd., we operate Accessibility Advantage, which consults with organizations on compliance with AODA regulations.

Since 1999, March of Dimes has operated the home and vehicle modification program, or HVMP, funded by the Ministry of Community and Social Services, which provides grants of up to \$15,000 to individuals in financial need for modifications to their home or vehicle required as a result of their disability. Each year, at least \$9.25 million in grants are awarded. However, three to four times this amount is requested from qualifying individuals. Our barrier-free design consultants review requests, advise on plans, approve pricing and oversee the contract fulfillment to ensure the individual gets the renovation they require completed to their satisfaction.

Forty-five per cent of the grant recipients of this program are over the age of 65. Many require the modification for health and safety reasons, to get out of hospital early or to stay out of chronic care as their health and mobility deteriorate. This is consistent with the eligibility requirement for the healthy homes renovation tax credit.

Our pre-budget submission last December recommended that the government focus its resources in this manner as a way of reducing acute and long-term-care costs. With an average grant of \$10,000, the government recovers the cost of the grant if it gets a hospital resident back home five days earlier or keeps an individual out of chronic care for as little as two months. We were very pleased that both the Drummond report and the 2012 Ontario budget support the shift of resources from acute care to living and aging at home as centrepieces of their recommendations and of their funding allocation.

We see the healthy homes renovation tax credit as a complementary tool in achieving this goal. The HVMP grants are critical to lower-income individuals who need the cash to make the necessary changes to their home. The tax credit complements this for seniors with more resources, who could benefit from this tax credit and who would not qualify for the HVMP program, which does not fund families with more than \$60,000 in annual income. It's a sliding scale, so most people are under \$20,000.

A key theme of the 2012 Ontario budget is integration and coordination. In fact, these are key themes in most budgets across the country. Recently, the government of Ontario announced the Ontario Renovates program, which is funded through the downloading of the residential rehabilitation assistance program of the government of Canada, known as RRAP. For the past 13 years, HVMP has coordinated funding with RRAP-Disabilities, or RRAP-D, to ensure that all available sources help fund home modification projects which might exceed the scope of our program's funding cap. We had hoped that the RRAP-D program would be integrated with HVMP to better coordinate projects critical for an individual to return to or remain at home, but it is instead being downloaded to the municipalities. We're still awaiting details on exactly how Ontario Renovates will operate.

With the foregoing in mind, we see three recommendations touching mainly on sections 7, 8 and 9 that can help improve the effectiveness of the renovations that Bill 2 is designed to recognize and refund.

First, people who require home modifications may not know the best and most economical way of achieving the required results. For people who have lifelong disabilities, this is less common, due to their years of experience of living with a disability. However, most seniors applying for this tax credit will have lived without a disability and without much thought about accessibility, until aging or a sudden condition such as a stroke changes this. We offer our services and expertise for people who contact us to review plans, or prior to developing plans, for advice before undertaking a renovation.

Second, many contractors do not have the experience with accessibility-related projects. Until we see final approval of the built environment standard of the AODA and how it interacts with the Ontario building code, it is—

The Chair (Mr. Bob Delaney): I'd just like to interject at this point, and point out to you that you've got about two minutes to go.

Mr. Jerry Lucas: Okay, I will be done in that time—today's reality that only a handful of accessibility-experienced contractors exist. After having overseen more than 10,000 accessibility renovations, March of Dimes currently has a list of contractors who we know from experience have worked successfully on such projects.

Third, while most contractors are ethical, some will use this program to recommend modifications which may be excessive or provide quotes which are much higher than required for the job to be done. In our program, these quotes are caught and not approved. A vulnerable senior, new to such work, may not have someone to act as their advocate or adviser. Quote review is another service that HVMP could provide to these individuals.

In conclusion, the healthy homes renovation tax credit is a needed, complementary measure to help recognize the expenses that will improve accessibility and independence. Governments across the country are considering such measures, a telltale sign that accessibility not only makes good public policy but will increasingly form a cornerstone for the programs and services around aging and disability.

Thank you.

The Chair (Mr. Bob Delaney): Thank you for your deputation. There will be up to five minutes of questions from the government. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair, and good morning to both of you. Thank you very much for coming to the committee today to speak on Bill 2, the healthy homes renovation tax credit.

I really appreciate your support for the program. I think you speak from experience. As you mentioned, your organization has been doing this for a long time, and I want to commend you and your organization for doing an excellent job in helping members of our communities with disabilities.

I was really intrigued by your comment about the relationship between the HVMP program, that already

exists, that helps seniors with disabilities who are on a lower income, and how this program could be complementary to those seniors who may not qualify for HVMP. Can you talk about some of the requirements that HVMP has and, in your experience, how many people are excluded who may be able to benefit from this particular tax credit?

0920

Mr. Jerry Lucas: Currently, we can only fund about a quarter of the applicants for the home and vehicle modification program, so financial need is half of the consideration. As I mentioned, we fund on a sliding scale. Even people who qualify and make it through that process, if they're at the \$50,000 or \$60,000 range, they may only qualify for a grant of \$1,000 or \$2,000. Since our average grants are \$10,000, it's an indication that most of our applicants who are being given grants are at the \$10,000 to \$20,000 annual income level.

So there are a large number of people who are seniors who will age in place who haven't had lifelong disabilities but will, all of a sudden, require modifications that won't be eligible for the program as it currently exists. We really see this being complementary.

Mr. Yasir Naqvi: In terms of your experience in enhancing the quality of life of seniors who continue to live in their own home, I consistently hear from seniors in my community that the best place they would like to live is their home. Any assistance that could be provided to them to make it accessible—are there any experiences that you can share in that regard as to what you have observed, where folks are not going to a long-term-care or a retirement residence but are being able to modify their homes and have a more fruitful life?

Mr. Jerry Lucas: Well, we just went through a two-year program review that was commissioned by the Ministry of Community and Social Services. One of the questions in that review was to ask people who had received grants, "Based on why you asked for the grant, did it meet your needs?" Of the people who needed the grant to either get out of hospital early or to stay in their own homes, 100% of the respondents said that it achieved that objective.

So when you consider the cost of chronic care, literally in less than two months, the \$10,000 grant is repaid. So something similar will occur with a tax credit. At the other end, getting out of hospital three or four days early, you've paid for the grant.

So we're actually approaching some of the LHINs to look at a triage approach. When somebody has a debilitating stroke, should we be getting into their homes right away with a special grant just to get them out of hospital as soon as possible?

The Chair (Mr. Bob Delaney): Thank you very much for having come in today and for your thoughtful deputation.

CARP

The Chair (Mr. Bob Delaney): Our next deputation will be from CARP. You will have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the official opposition. Please state your name for Hansard and then begin.

Ms. Susan Eng: Thank you. Good morning. My name is Susan Eng. I'm vice-president for advocacy at CARP.

CARP is a national, non-profit, non-partisan organization with about 300,000 members across Canada and 50 chapters. Two thirds of our membership are here in Ontario, with about 21 chapters in Ontario.

We have been focusing on a new vision of aging, and one part of that that is extremely important to us is aging at home, the issue that addresses the kinds of needs that people have and their preferences for staying at home as long as possible, regardless of whether they have medical challenges.

Within this new vision of aging at home for CARP, two elements are extremely important. One, that there be an integrated system of continuing care for older Canadians: That includes a navigation system, a guaranteed basic level of home care services across the country, the need to have consistent and high levels of home care standards across the country, integrating the different services that the public and the private sector can provide at home—social services, housing and so on—and of course making sure that there's sustainable funding across the country.

In addition to looking at the specifics that the health and social services systems can provide, we believe that we have to look at the development of our communities through an age-friendly lens. In that case, we have to look at making sure our building codes, for example, require accessibility standards. If we use uniform standards, universal standards, we are more likely to achieve an age-friendly and accessible community. That perspective is important and it means that as we develop our public services, we continually find out where people are located rather than forcing them to move into institutions for care. So we should be supporting naturally occurring retirement communities, for example, where people tend to grow old together in some places in the community, and we should provide services there, bringing social services to community hubs such as local schools that are perhaps being underutilized, and an opportunity to let people continue to age gracefully, not only in their homes but in their communities.

So against that larger screen of how we believe services to older Canadians should be provided, we believe that Bill 2 will fit in that framework entirely. It's a major part of it. It's not the only part that is necessary, of course, and we were very pleased to see the changes that were proposed in the budget just last week, which tends to focus on the larger, comprehensive system of providing services as well as funding, which we found to be extremely important.

We also take the opportunity to test these kinds of proposals with our membership. As it happens, it is something that we have recommended in the past, both federally and provincially, so it was not a surprise to find that our membership was very supportive of this specific initiative. We issued the poll on Tuesday, and today we have over 2,000 people who have responded to the poll and indicated, according to the questions that we asked them, that more than half would themselves make use of the new home renovation tax credit. More importantly, it would allow them to stay at home if they have medical challenges. Furthermore, on the matter of public policy, they believe that it is a most worthwhile venture in terms of the cost-benefit analysis here.

Speaking to some of those cost-benefits, the benefit of being able to stay in your own home seems quite intuitive, but I think the system needs to be aware of the costs of not making those kinds of changes. There are facts and figures, which I'm sure you have available to you, that some 43% of Canadians over 65 experience some form of chronic condition, compared to about 14% for the rest of the population. When you look at people age 75-plus, the prevalence of chronic diseases jumps to about 56%. When people have inaccessible homes, the cost of falls—that's just one factor here that leads, usually, to hospitalization and, unfortunately, very rapid deterioration thereafter. Falls are the source of 85% of injury hospitalization in Ontario for those 65 and older. Between 25% and 75% of falls can be prevented by making changes to the physical environment.

With a national average cost of about \$15,000 for a hospital admission, you can see—and I'm sure you do care that people live safely in their homes—that the cost to the system is avoidable and totally unnecessary. The annual cost of falls for seniors in Ontario alone is almost a billion dollars: \$962 million.

So I think the point that we're making here is that a lot of people already own their own homes—72% of senior households own their own home—and they would like to stay in those homes as long as they can. The opportunity to do so with an encouragement like this, an incentive, is extremely valuable to them. It will be valuable to the system as a whole. It plays into the larger part of our recommendations, that it's extremely important to keep people in their own homes as long as possible and out of institutions, where they prefer not to be. It is also a place where they will age much more gracefully to the end of their lives.

So I thank you very much for the opportunity to talk about this and to support the principles and the elements of Bill 2.

0930

The Chair (Mr. Bob Delaney): Thank you very much. Questions? Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair, and thank you very much, Ms. Eng, for being here today.

Full disclosure, Chair: I am one of the 300,000 members of CARP in Ontario. I have my card.

Ms. Susan Eng: Wonderful. Thank you.

Mr. Victor Fedeli: I may not look old enough, but trust me, I've been there for a few years.

Ms. Susan Eng: Well, thank you for that.

Mr. Victor Fedeli: Ms. Eng, thank you for the work that you're doing. It's deeply appreciated across Ontario and across Canada.

In your deputation, you say that this is an important start. I'm most eager to hear what your members are telling you, whether this indeed is a fair enough program for all seniors or whether you see this as strictly divisive in terms of, it favours those who can afford it or those who are somewhat disabled—I think the act actually calls it, “who has an impairment.” Can you give me a comment on that, please?

Ms. Susan Eng: Well, absolutely. You're quite correct that there is a need—first of all, you have to afford the \$10,000 to get the maximum amount of support, and that's fair comment.

First of all, full disclosure from me too: I have to declare a conflict of interest. My mother fell at the end of January and cracked two of her vertebrae, which required our family to decide to put in a ground-floor washroom downstairs. Those are the kinds of choices families make every day. Between doing that or not doing that, the choices were obvious, because not doing that meant she would have to move. It was just that simple. So what would be the cost of that? What if she continued to deteriorate or, God forbid, fell again, because she was unstable going up and down her stairs? Then, where does that take us?

Those are choices that people make, even people of modest means. So I take the point that people who don't have the means to make these renovations need public funding, and I would certainly like to see an amendment to your bill to do that. But, in the meantime, for those who will make those choices to make the modifications in their own homes, it is a net benefit to the family, to the individual and, I think, to the health care system.

Mr. Victor Fedeli: To your comment about the amendment, then: Are you aware that people who participate in this program may be precluded from other related grants? I would look for your opinion on whether that sounds like a coordinated approach to age-related issues or disability issues, and if that's indeed a comprehensive plan that I presume you favour.

Ms. Susan Eng: In fact, as I led off with in my presentation, there is an absolute need to have a comprehensive plan across the country. We are aware that there has been some research across the country to see just where we are, almost a decade after the 2004 health accords, which had declared post-acute home care as the next essential service. So where are we? Do we have a complete system? Do we have gaps? The gaps are, unfortunately, very apparent, and our members tell us about them all the time.

So, absolutely, there's a need for a comprehensive approach. Whether or not those programs are in conflict is not something that we have fully examined to see whether or not there's an absolute bar, but I would cer-

tainly encourage the necessary amendments to make sure that there isn't that contradiction because, of course, that would undermine the purpose of the bill.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and for your presentation this morning.

ONTARIO REAL ESTATE ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is from the Ontario Real Estate Association. If you would kindly come up, be seated and make yourselves comfortable. You'll have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the third party. Please state your name for Hansard, and then you may begin.

Ms. Patricia Verge: Thank you, good morning. Thank you, Mr. Chair, and members of this committee. My name is Pat Verge. I'm an Ottawa-area realtor and chair of the Ontario Real Estate Association's government relations committee.

I want to thank you for the opportunity to present our views on Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012. Joining me today is Matthew Thornton, OREA's manager of government relations.

By way of introduction, the Ontario Real Estate Association is one of the province's largest trade associations, with over 56,000 realtor members in 42 real estate boards throughout Ontario.

OREA was founded in 1922 to organize real estate activities and develop common goals across the province, including advocating for higher industry standards, protecting property rights and promoting the value of home ownership.

OREA is here today to speak in support of Bill 2. We commend the government for bringing it forward and encourage all parties to vote in favour of its passage.

Ontario realtors support the creation of a healthy homes renovation tax credit for three reasons. First, this tax credit will create jobs. The home renovation sector in Ontario generates over \$20 billion in economic activity every year, employing 195,000 Ontarians. According to the government's estimates, this tax credit will support \$800 million in home renovation activity and create 10,500 jobs each year. Job creation is essential to the health of Ontario's housing market and in our province's ongoing economic recovery.

Second, the proposed tax credit will strongly encourage the use of professional contractors and deter underground economic activity known as the cash deal. Underground renovation activity withholds hundreds of millions of dollars in tax revenues from the provincial government and poses serious health and safety issues for consumers. According to the Ontario Home Builders' Association, the underground activity accounts for 37% of the total output of the residential renovation industry in Ontario, or approximately \$5.2 billion.

Moreover, OHBA estimates that the underground home renovation economy causes the loss of up to \$298 million in GST revenue annually, \$1.6 billion in income tax revenue annually and \$767 million from other revenues, such as CPP, WSIB, employer health tax and employment insurance premiums. A healthy homes renovation tax credit will help recover a portion of these costs by encouraging the use of professional contractors who issue receipts and pay taxes and insurance premiums. Unlike professionals, underground contractors often do not meet health and safety standards for their workers, do not acknowledge or carry out warranties, and homeowners have little to no recourse in the event of shoddy or unsafe workmanship.

Mr. Chair, Ontario is a province of homeowners. Approximately 3.2 million households in this province are owner-occupied, and for good reason. Studies show that home ownership has a significant positive impact on the Ontario economy, civic participation and overall quality of life.

OREA encourages the creation of a healthy homes renovation tax credit because it will help seniors to remain homeowners. In doing so, this tax credit is helping to support stronger people, stronger communities and a stronger Ontario. For example, according to an Ipsos Reid survey commissioned by OREA in 2011, homeowners reported being happier, healthier and enjoyed a greater feeling of control over their lives.

With respect to civic engagement, homeowners are significantly more likely to say that they voted in recent elections, donated to charity, volunteered or had written a letter to the editor.

Finally, in 2011, economic spinoffs from the resale housing market generated \$8.1 billion in consumer spending and created over 60,000 jobs, helping to drive Ontario's economy.

So in addition to creating jobs and deterring the underground economy, this tax credit is one we support because helping seniors to remain homeowners is good for people, for communities and for Ontario.

As some of you will recall, organized real estate in Ontario advocated in favour of a home renovation tax rebate for all homeowners during the recent provincial election. Given the current fiscal climate in Ontario, however, OREA regards the proposed healthy homes renovation tax credit as a prudent first step towards a larger rebate program.

In closing, when government supports homeowners, as this tax credit does, it strengthens our economy, creates jobs, builds up the middle class and builds better citizens. For these reasons, we support Bill 2 and the creation of a healthy homes renovation tax credit.

Thank you, and we'd be happy to take your questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Prue?

Mr. Michael Prue: Thank you. I asked this question of an earlier group, but I'm still curious. The home renovation sector in Ontario generates \$20 billion of economic activity, and here we're talking about \$60 million, or

about one 300th of 1%. What kind of impact is this? This has to be absolutely negligible.

0940

Ms. Patricia Verge: Well, it may start as being negligible, but as I said, we're hoping that this will be increased. It is a start. It's making a new direction in this direction which we think is absolutely essential.

Matt, have you anything else you'd like to add to that?

Mr. Matthew Thornton: Yeah, I think just further to what Pat has said, it's a good first step towards something that we'd like to see expanded as time moves on.

With respect to deterring underground economic activity, it's not going to solve the problem, but it is going to encourage homeowners to use professional contractors who issue receipts, maintain insurance and all those kinds of things. It's a good first step.

Ms. Patricia Verge: I think homeowners would really like to use reputable contractors who are with insurance and have all those things and pay GST. I think most people would like to, so if this is an encouragement to do that, I think it's a good idea.

Mr. Michael Prue: Well, even reputable contractors, I've had them come to my house, too, and say the same thing. These are guys who will give you a full receipt, and they just look you straight in the eye and say, "If you give me cash, there's no HST." They look me straight in the eye.

Ms. Patricia Verge: Well, this way, the homeowner pays the HST and gets 2% extra. It's not perfect, but it's a step.

Mr. Michael Prue: Okay, and you said here towards the end that in the last election, "Organized real estate in Ontario advocated in favour of a home renovation tax rebate for all homeowners..."

Some have argued, and in fact in the initial statement I argued, that this was too prescriptive. This was for a small group of seniors with either medical or disability issues. Would you advocate or would you think it would have been better for the government to have brought forward a bill for a larger group even though the money allocated might be smaller per individual? That would open it up to more seniors.

Ms. Patricia Verge: I think you have a good point. When I looked at it myself, I thought, "Wow, at my age, there's very little that I'm not old enough for," but this was one of them. But I think, as I've said, we'd like to see the government do more in that regard, and hopefully they will take it further because people who need their houses renovated or changed to accommodate health issues are often younger than the 65 limit. They get sick in their late 50s and stuff like that. Again, there's room to grow.

We would have liked to have seen more, but at least it's a step. It's a start, and it sets a new direction. They're saying this is going to be permanent, so maybe they'll permanently make it a little better as it goes on.

Mr. Michael Prue: More time?

The Chair (Mr. Bob Delaney): You've got another minute if you want it.

Mr. Michael Prue: Okay. Another program which hardly exists anymore was to have homeowners retrofit their homes for energy saving. The government saw fit to kill that, but that would also save a lot of money, as this program would for hospitals, in the energy sector. Why is this a better program than perhaps that one was?

Mr. Matthew Thornton: During the recent provincial election, we also advocated in favour of the province re-introducing the home energy retrofit rebate program. We were in support of that. I think both those programs are addressing two separate issues. One is addressing seniors living at home; the other is addressing energy efficiency.

We're in support of both. We think that the province certainly has a role to play on both of those issues. As Pat said, this is a good first step forward on the renovations side. We certainly recognize that the province is facing some fiscal challenges at the present time. It's modest, but it's a good first step.

The Chair (Mr. Bob Delaney): And that concludes your deputation and your questions. Thank you very much for having come in this morning.

Ms. Patricia Verge: Thanks a lot. Have a great day, everybody.

HYDROXYL ENVIRONMENTAL INC.

The Chair (Mr. Bob Delaney): I would like to call on Hydroxyl Environmental Inc. Good morning and welcome.

Mr. Martin Slepkov: Good morning. Thank you very much.

The Chair (Mr. Bob Delaney): If you've been here for a little while, you'll know that you'll have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the government. Please state your name for Hansard and then begin.

Mr. Martin Slepkov: My name is Martin Slepkov. I'm a private citizen. I am president of the company referred to by you as Hydroxyl Environmental Inc. I come here with no political motivations, just simply to raise awareness of the possibility of adding something to the bill that might have been overlooked or I might have missed. I deem it worthy of your time, and I thank you for it.

My understanding of the bill itself and the amendment is that it's to help those 65 years of age and older live longer in their own homes safely. Through a personal income tax deduction, you're endeavouring to make their living space more functional. I hope that I have that correct.

The reason why I'm here is to talk about indoor air quality and possibly that it has been overlooked. I'm hoping that through this brief discussion, you might be able to understand the value of considering indoor air quality and the health benefits of it for any population; in particular, the aged. I'm suggesting adding a variety of what is available for improving indoor air quality as a potential solution to be added to the bill.

The main purpose of this interest is the result of what we all might be familiar with as sick building syndrome. How sick building syndrome has come about: As indoor environments have become increasingly closed off from the outdoors, our homes, our workplaces, indoor recreational and travel environments have chronic, unhealthy levels of volatile organic compounds and other pathogens. Biological pollutants are created, such as living organisms, particularly mould, bacteria and dust mites. Chemical pollutants are gases and particulates that come from combustion appliances in the home, tobacco smoke, household and personal care products, cleaning chemicals, and various building materials, such as carpet and wallpaper. Specific pathogens created by poor indoor air quality are formaldehyde, mould, carbon monoxide, nitrogen dioxide, ozone, fine particulate matter, and toluene.

The health effects created by this poor indoor quality of air are acute discomfort; eye, ear and throat irritations; dry cough; dry and itchy skin; and dizziness and nausea. So the impacts on the seniors, or the population in general, as a result of sick building syndrome are increased stress, increased vulnerability, increased health compromise and increased demands on the health care system.

How this impacts the population is vulnerability to the immune system and some medications. It makes seniors more susceptible to infectious diseases such as seasonal influenza, MRSA, C. difficile, West Nile and other health-care-associated infections.

What might be considered as part of an addition to the bill, if that's at all possible, is indoor air quality testing; mould remediation; filtration systems; electronic air cleaning systems; humidifiers; dehumidifiers; what the HVAC industry is selling as heat recovery systems, designed to introduce fresh air into the environment; and, of course, hydroxyl production.

Other than me explaining what hydroxyls are and the role they might play in indoor environments—I don't want to make this a selling exercise, so I'll divert from talking about that particular technology unless you question it and I can explain what that might mean.

The Chair (Mr. Bob Delaney): Okay, thank you. Mr. Naqvi?

Mr. Yasir Naqvi: Thank you very much, Mr. Slepkov. I really appreciate you coming here today and talking about an aspect which you think we may have missed when drafting the bill. Let me sort of go to a basic point. Is my understanding correct that you do support the concept that's being put forward in this bill, that we should have some sort of renovation tax credit, making it easier for seniors to live at home?

0950

Mr. Martin Slepkov: One hundred per cent.

Mr. Yasir Naqvi: Okay, thank you. And your contention is that maybe the list of things that are eligible could be expanded to look at more air-quality systems as well.

Mr. Martin Slepkov: You said “more air-quality systems”?

Mr. Yasir Naqvi: Air-quality systems being included in the list as well.

Mr. Martin Slepkov: Yes, that’s correct. There does not seem to be any accommodation for understanding the indoor environment and the impact on seniors in particular.

Mr. Yasir Naqvi: Okay. The sick building syndrome that you’re referring to: How many homes or what age of homes usually have that kind of issue?

Mr. Martin Slepkov: Unfortunately, it spreads across all homes and all buildings. Due to our efforts to make homes and buildings energy-efficient, we’ve closed off the outdoors. Because of the natural chain reactions that happen indoors with off-gassing from carpets or off-gassing from cleaning chemicals, it contaminates the air. So it makes people who have sensibilities to odours, asthma, breathing and respiratory issues—it impacts them greatly, and the stress on their body will only increase the impact of how this affects their health. At the moment that you compromise their health, you’re introducing the opportunity to increase your health care costs.

Mr. Yasir Naqvi: Obviously, we relied on experts in determining the list of things that will be eligible for the healthy homes renovation tax credit and making it easier for seniors to live at home, but I really appreciate your time in raising an issue for us, for our consideration. Thank you very much.

Mr. Martin Slepkov: Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation. I swear to God I worked in one of those sick buildings a number of years ago.

Mr. Mike Colle: This place here isn’t very good, I’ll tell you. There’s no air. There’s a lot of hot air.

The Chair (Mr. Bob Delaney): I know. I’m glad we didn’t even get into cat hair.

Okay, thank you very much, Mr. Slepkov.

Mr. Martin Slepkov: Thank you.

ALZHEIMER SOCIETY OF ONTARIO

The Chair (Mr. Bob Delaney): I’d like to call upon the Alzheimer Society of Ontario to please come and join us. As you sit down and make yourselves comfortable, you’ll have up to 10 minutes for your presentation. After that, there could be up to five minutes of questions from the committee. This round of questions will come from the official opposition. Please state your name for Hansard and begin.

Ms. Jacquelyn Micallef: Thank you. Jacquelyn Micallef, on behalf of the Alzheimer Society of Ontario.

Mr. David Harvey: And David Harvey.

Ms. Jacquelyn Micallef: Mr. Chair, members of the committee, ladies and gentlemen, thank you for giving the Alzheimer Society of Ontario the opportunity to present to the Standing Committee on Finance and Economic Affairs on Bill 2, the healthy homes renovation tax credit.

The Alzheimer Society of Ontario is a long-standing organization that is dedicated to improving quality of life for Ontarians living with Alzheimer’s disease and other dementias and advancing the search for a cause and a cure. With our province-wide network of 38 local societies, we improve service and care, fund and advance research, educate communities, and create awareness and mobilize support for the disease.

Local Alzheimer societies offer a range of services including group supports, counselling, information, public awareness and dementia-specific education for front-line health service providers, those diagnosed with the disease and their families and caregivers. The ASO and the local societies work in partnership with many individuals and organizations across a variety of sectors and settings.

The word “dementia” is a general term that refers to many different diseases. Different types of dementia are caused by different physical changes to the brain. Symptoms of dementia can include progressive deterioration of memory, judgment and reasoning, and can lead to changes in mood, behaviour and communication abilities. These symptoms affect a person’s ability to function at work, in social relationships and in activities of daily living.

Alzheimer’s disease, the most common form of dementia, is a progressive, degenerative disease of the brain which causes thinking and memory to become seriously impaired. Vascular dementia, which is most often attributed to stroke, is the second leading cause of dementia.

Today, more than 181,000 people in Ontario have dementia. In 10 short years, this number is expected to increase 40%, to 255,000 people. Dementia is the leading cause of disability in Ontarians over 60, causing more years lived with disability than stroke, cardiovascular disease and all forms of cancer.

The annual total economic burden of dementia is expected to increase from \$7.1 billion in 2010 to \$19 billion in 2020. The number includes direct costs of health care services, the opportunity costs that are impacted by a caregiver having to leave the workforce, and the indirect costs of that lost productivity and lost wages. Direct costs of dementia in the health care system are projected to increase by \$440 million each year through 2020. With partnership from the Ontario government, we have the opportunity to curtail these costs to ensure that investments are effective and multi-purposed.

The ASO congratulates the government for taking a step forward in helping seniors to stay in their homes longer. Seniors want to remain in their homes for as long as possible, but they need to be supported. Small things matter for a person to remain in their home. Instrumental activities of daily living are driving long-term-care home wait-lists. Hospitals have become a default for people with dementia who do not have appropriate supports in their homes. Seniors with complex needs go to the emergency room and get admitted to hospital more

frequently than other seniors, and stay for longer periods of time.

New evidence has emerged that shows 57% of hospitalizations with a main diagnosis of dementia had alternate level of care days and 25% of hospitalizations with dementia as a comorbidity had alternate level of care days. Seniors in ALC with dementia are more likely to be waiting for long-term-care or residential-care placement compared to younger people waiting for inpatient rehab or to go home with supports. Hospital care is expensive and does not provide positive health outcomes for those who do not require that type of care.

Dementia is a major cause of falls. Falls are a leading cause of hospitalization. Safe, well-adapted homes are a major step forward for falls prevention.

Bill 2, the Healthy Homes Renovation Tax Credit Act, offers one type of support to facilitate a senior remaining safe and comfortable in their home or in that of their caregivers. This bill will also help caregivers to make their home more responsive to the needs of a person they are caring for by offsetting the cost of home renovations. This is established in the inclusion of the individual with a qualifying relation to the senior.

In a study of caregiver needs, it was found that financial issues are a concern. One major reason for that is that the additional expenses related to providing care for a person with dementia include costs for home modification. In particular, caregivers have asked for tax credits to help offset that financial burden. The support offered in Bill 2 responds directly to that need that caregivers have expressed.

Another important inclusion that the ASO recognizes is found in section (7)(1)(i)A under "Listed improvements," which is the inclusion of renovations that will assist with individuals being "functional" within their homes, and not just mobile. It is our hope that "functional" would include safety modifications that would prevent against negative outcomes related to the behaviour of wandering.

Overall, the ASO is in support of this bill and sees that it will help seniors remain in their homes longer and will improve health outcomes and lessen the burden on our health care system. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Shurman.

Mr. Peter Shurman: Good morning, Ms. Micallef and Mr. Harvey. Thank you very much for coming to talk to us.

Again, I can relate on a personal level to what happens as dementia takes hold and what some of the constraints are within the home. Our party's stance in not supporting Bill 2 has nothing to do with the issue that besets people who are in that condition; we just think that there are better approaches for it, and I wanted to put that on the record before putting some questions to you.

You finished your presentation by saying that this bill—I'm paraphrasing—goes a long way towards addressing some of the issues that you've underscored in your presentation. But I would have to put the proviso

on—and what I'm doing is doing so so you can react to it—"some seniors," because it doesn't help all seniors. When I say some seniors, we're talking about some seniors who are beset by dementia, because some seniors who are beset by dementia, like some seniors who are not, have the means to do things, and others don't. We're talking here about deductibility of an investment that, first of all, to get the deductibility, you have to make.

Our objection has very much to do with the broadness of scope—or, more correctly, the narrowness of scope—envisioned by this bill. Don't you think there could be another approach that would achieve the same results without saying, "If you're rich, you get it, and if you're not, you don't"?

Mr. David Harvey: If I might respond, there were programs at one point—the residential rehabilitation assistance program, for example—that had a forgivable loan process, if I recall correctly, that was maybe of more use to seniors on limited incomes. So this is not the total solution, but it is an advance from where we are now and where we were a couple of years ago.

Adding programs such as a forgivable loan approach certainly has merit, and that would be the kind of thing that we'll continue to advocate for. We don't see this as a total solution, but it's a partial advance.

Mr. Peter Shurman: I think that you've just focused on our concerns. We don't see it as a total solution, and so when you add something, most people—and you're clearly, along with a lot of other presenters today, representative of a group that's like this: "Well, you know, they're giving us something. Let's take this, because I'd rather help some people than help no people." I can understand that perspective, but I also am partial to a perspective that is holistic and says, "Look, we've got a dementia problem, we have a mobility problem, we have a problem of people wanting to age in their homes who are losing homes because there was a recession and their savings were decimated in a time where they could ill afford it." There are just a myriad of problems that have not been addressed in an overall way.

Are you aware, for example, that this program is only available to people who are not already supported on some other program that's sponsored by government? I'm seeing a nod. Is that a yes?

Ms. Jacquelyn Micallef: Yes, we are aware.

Mr. Peter Shurman: So maybe you could comment on that, because in operating the Alzheimer Society, or any other society that deals with age-related issues, you're going to have to make choices, or you're telling your seniors, "You're going to have to make choices." Because if you have something coming in that's under, I don't know, ODSP, or some age-related program—right now I can't name one off the top of my head—you don't get this. How do you feel about that?

Mr. David Harvey: This is a technical piece that I can't really comment on that much. A senior is not eligible for ODSP.

Mr. Peter Shurman: Well, then I used the wrong example. My point, however, is that there are a number

of government programs that put money or tax credits into the hands of seniors, and the way this bill is structured, if you're on any of them, you don't get this. And I'm asking you to react to that, because I see that as an underscoring of my holistic issue.

Mr. David Harvey: I think we're going to avoid comment. The stacking of tax credits or other kinds of income supports, I think, is beyond our competence or certainly our preparation for our presentation today.

Mr. Peter Shurman: That's fine, and I respect the answer.

The Chair (Mr. Bob Delaney): You may be pleasantly surprised to know that you're out of time.

I want to thank everyone for having come in this morning to share their thoughts and opinions on Bill 2 and, of course, our respective parties for their insights.

I want to point out that this concludes our business for today. Please recall that any proposed amendments to the bill should be filed with the committee clerk by 4 p.m. on Monday, April 16, 2012. Please contact legislative counsel for assistance in drafting amendments. The contact information has been provided to all sides.

This committee is adjourned until 9 a.m. on April 19, 2012, when we will meet for clause-by-clause consideration of Bill 2. Thank you one and all.

The committee adjourned at 1004.

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Jeudi 19 avril 2012

Standing Committee on Finance and Economic Affairs

Healthy Homes Renovation
Tax Credit Act, 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 sur le crédit d'impôt
pour l'aménagement du logement
axé sur le bien-être

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 19 April 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 19 avril 2012

The committee met at 0901 in room 151.

The Chair (Mr. Bob Delaney): Good morning, everybody. The Standing Committee on Finance and Economic Affairs will come to order, and of course it's in order.

Has everybody got themselves a cup of coffee? Tea? Juice? A glass of water? Hot breakfast?

Mr. Peter Shurman: Are you sending in a hot breakfast? Because if you are, I'll move that you send in a hot breakfast, if you want, and I'd like a 20-minute recess to consider that.

The Chair (Mr. Bob Delaney): So that bears to mind whether we're here for a long time or a good time.

Mr. Randy Hillier: Both.

HEALTHY HOMES RENOVATION
TAX CREDIT ACT, 2012LOI DE 2012 SUR LE CRÉDIT D'IMPÔT
POUR L'AMÉNAGEMENT DU LOGEMENT
AXÉ SUR LE BIEN-ÊTRE

Consideration of the following bill:

Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit / Projet de loi 2, Loi modifiant la Loi de 2007 sur les impôts en vue de mettre en oeuvre le crédit d'impôt pour l'aménagement du logement axé sur le bien-être.

The Chair (Mr. Bob Delaney): We are, however, here for clause-by-clause consideration of Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit. Please note that I will put the questions on consecutive sections that have no amendments together, but members may request a vote on each section individually, and I'll ask for a show of hands when you vote.

Prior to beginning, are there any questions and comments?

Mr. Randy Hillier: Yes, Chair.

The Chair (Mr. Bob Delaney): Mr. Hillier.

Mr. Randy Hillier: Thank you very much, Chair. I think, in light of—this bill was put before the House back in December, before the budget was released. The budget vote, of course, is coming up next week. We're not quite sure what other deals may be done, or what bills may be appealed or amended or whatever, after the conversations and discussions that are going on behind the scenes. So,

Chair, I would move that we recess this committee until after the budget vote on Tuesday, April 24.

The Chair (Mr. Bob Delaney): Mr. Hillier has moved a recess. Is it the pleasure of the committee to have a recess?

Mr. Mike Colle: No.

Mr. Peter Shurman: I think that this is a legitimate item for consideration. The reason I asked, actually, a couple of weeks ago to be supplied with information on what the cost of this program would be was so that we would have some small idea of what the budgetary impact is going to be. We were originally given very sparse information: \$60 million in the year just ending. We were told that the dollars to cover the cost of implementation would be reallocations as opposed to new dollars. We have grave reservations about that, and we haven't even debated the budget bill, where we get into some items that relate to dollar costs. So I think that Mr. Hillier's motion is in order, and while the other side may not want to consider it, if you put the question, sir, I certainly would vote yes.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: I have some difficulty, but I also understand what's likely to happen here today. The subcommittee reported, and the committee accepted, the subcommittee's recommendations. It was unanimous on all fronts that we proceed in the way that we are proceeding: that deputants would be heard two weeks and that there would be a two-week hiatus until today in order to allow motions to be brought forward, which were. Everything has followed right down the line that we said was supposed to happen. It ought to come as no surprise that we are here today, everyone understanding the implications of the budget.

But I am also mindful of the fact that, given that we have approximately one hour and a little bit, it is eminently conceivable that should a member or members wish to tie up this morning, we're not going to get there till the 24th anyway. So the reality is, we can either accede to this or we can talk to each other for the next hour without getting anything done, and I think that pretty much sums up what's going to happen.

Mr. Peter Shurman: Can I say one other thing?

The Chair (Mr. Bob Delaney): Mr. Shurman, you can say anything you want.

Mr. Peter Shurman: In response to Mr. Prue, I understand, and we all understand, what he's talking

about. Having said that, the motion by Mr. Hillier is a legitimate motion referencing the subcommittee, and, yes, I'm part of that subcommittee. So we did agree to that schedule. However, I think it's reasonable to say that when we agreed to that schedule, we would have assumed that the budgetary difficulties inherent in getting this motion passed on Tuesday—or not—were not going to drag things out to the point where we were at April 24 before we found out what was going to happen to this budget.

For goodness' sake, people are screaming across at each other in question period on who's trying to create an election. I would hope nobody is—certainly not us. But until we know the fate of this budget—and in truth, the fate of this government—next Tuesday, what's the point?

The Chair (Mr. Bob Delaney): Okay. Is there any—

Mrs. Teresa Piruzza: Chair?

The Chair (Mr. Bob Delaney): Ms. Piruzza.

Mrs. Teresa Piruzza: Just with respect to the discussions that we're hearing through Mr. Hillier's, Mr. Shurman's and Mr. Prue's comments with respect to recessing at this point, yes, it came forward in December. We had our debate. It has been brought forward to this committee, the subcommittee. This process has been known in terms of what the budget timeline is, so I don't know how it comes as a surprise today, or what this discussion changes in terms of what may or may not occur.

We need to continue to govern. We need to continue to move forward with respect to this. We've had our deputations. We had a number of individuals come forward in support of this. We need to move forward with this.

With respect to the questions regarding the cost, in fact, it has been fully costed, and this information has been provided. This adds no costs. If we look in terms of offsets, we know it's \$60 million. We know where it's coming from for this year. We know where it's going to come from next year. It is not new money. It is from within. That information has been provided, Chair.

I'm not sure, frankly, what their argument is with respect to recessing at this point, and I certainly vote against recessing at this point as I would like us to move forward so that we can continue to do what we need to do.

The Chair (Mr. Bob Delaney): Further comments? Mr. Hillier.

Mr. Randy Hillier: I think a great deal has changed, for the member. It should be self-evident that much has changed. What was agreed to in the subcommittee, or what have you—we know that there are significant discussions going on. We know that the debate for the budget and the vote will now be next Tuesday, which we didn't know previously.

So a great deal has changed. I think it behooves everyone here in this committee that we actually take some time to think, see what the results of that vote are, wait for that vote on Tuesday, April 24, and then reconvene the committee at that time to go through and pick up the process, depending on the results of the vote on April 24.

The Chair (Mr. Bob Delaney): Any further discussion? Shall we call for the vote? All those—

Mr. Randy Hillier: Chair, I'd like to call for a 20-minute recess before we have the vote, please.

The Chair (Mr. Bob Delaney): There will be a 20-minute recess—I'm sorry?

Mrs. Teresa Piruzza: I would support the request for a recess.

The Chair (Mr. Bob Delaney): Okay. It's eight minutes after 9 o'clock. We will convene at 28 minutes after 9.

The committee recessed from 0908 to 0928.

The Chair (Mr. Bob Delaney): The committee will please come back to order. We will now vote on the motion made by Mr. Hillier that the—

Mr. Randy Hillier: Chair, could we have a recorded vote, please?

The Chair (Mr. Bob Delaney): Recorded vote—that the committee adjourn until after the vote on the budget motion on April 24.

All those in favour, please raise their hands.

Mrs. Teresa Piruzza: Chair, sorry. With respect to this, given that the bells are ringing and we need to go upstairs, should we take another recess at this point and come back afterwards and have further discussion?

The Chair (Mr. Bob Delaney): No, we will recess closer to the vote, but at this point we will do this vote.

Mrs. Teresa Piruzza: Okay.

Ayes

Hillier, McNaughton, Shurman.

Nays

Colle, Dickson, Forster, Piruzza, Prue.

The Chair (Mr. Bob Delaney): I declare the motion lost.

We'll now begin our consideration—

Mr. Randy Hillier: Chair, in light of the bells ringing, I'd like to move a motion that—we do indeed want to have some discussions with our House leaders on this upcoming vote in 10 minutes—we recess this committee until after the vote.

The Chair (Mr. Bob Delaney): Mr. Hillier has moved that the committee recess until after the division bells on the motion to adjourn the debate. Is it the pleasure of the committee that the motion carry?

Mr. Randy Hillier: Chair, I'd like to have a 20-minute recess before we have the vote.

The Chair (Mr. Bob Delaney): Mr. Hillier has requested a 20-minute recess. I would ask then that—

Interjections.

The Chair (Mr. Bob Delaney): Order. As the division bells almost exactly coincide with the 20-minute recess requested by Mr. Hillier, I would ask members to please return promptly following the vote in the House to consider the vote on the motion proposed by Mr. Hillier.

The committee recessed from 0930 to 0957.

The Chair (Mr. Bob Delaney): The Standing Committee on Finance and Economic Affairs will please come back to order. At the time we adjourned, Mr. Hillier had requested an adjournment until after the division bells on the recess. As the division bells are not ringing, the motion is therefore out of order.

We're now at consideration of section 1. Is there any discussion?

Mr. Randy Hillier: Chair, I'd like to put a motion on the floor here—

The Chair (Mr. Bob Delaney): Mr. Hillier, you're now out of order. We are now at section 1.

Mr. Randy Hillier: No, I've asked to be recognized. Chair, I would expect that I am recognized by the Chair. You have not tabled—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are interrupting the Chair at this point. Thank you.

Interjection.

The Chair (Mr. Bob Delaney): Then you'll let me finish the statement.

Interjection.

The Chair (Mr. Bob Delaney): Mr. Hillier, you will let me finish the statement that I was about to make.

Interjection.

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order until I have finished. I will recognize you—

Interjection.

The Chair (Mr. Bob Delaney): Mr. Hillier—

Mr. Randy Hillier: There's an explanatory note being considered before section 1—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: Chair, there is clear, clear evidence that I requested to be recognized by the Chair. You cannot—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: You cannot dismiss—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: Chair, I have requested—

The Chair (Mr. Bob Delaney): You have requested it, Mr. Hillier, and you're out of order.

Interjection.

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: No, I am not. I am not out of order. I have asked—

The Chair (Mr. Bob Delaney): Mr. Hillier, the Chair has ruled you out of order. You are out of order.

Mr. Randy Hillier: Chair, you have failed to recognize that a member of this committee requested to be recognized by the Chair. That is an obligation of the Chair—

The Chair (Mr. Bob Delaney): No. Mr. Hillier, you have interrupted the Chair while the Chair was speaking—

Mr. Randy Hillier: Chair, you did not recognize—

The Chair (Mr. Bob Delaney): Mr. Hillier, you interrupted the Chair while the Chair was speaking.

Mr. Randy Hillier: That is a fundamental responsibility of the Chair, to recognize a member of this committee.

The Chair (Mr. Bob Delaney): Mr. Hillier, you interrupted the Chair while the Chair was speaking.

Mr. Randy Hillier: And you have failed to recognize a member of this committee—

The Chair (Mr. Bob Delaney): Mr. Hillier, you interrupted the Chair while the Chair was speaking.

Mr. Randy Hillier: I am not going to let this one go. You are going to recognize a member of this committee when they speak.

The Chair (Mr. Bob Delaney): Mr. Hillier, you interrupted the Chair while the Chair was speaking.

Mr. Randy Hillier: Chair, I ask for you to recognize a member of this committee. I would like this committee to review this explanatory note before we go to section 1.

The Chair (Mr. Bob Delaney): Mr. Hillier, your request is out of order.

Mr. Randy Hillier: Then, we cannot go back to—

The Chair (Mr. Bob Delaney): Mr. Hillier, your request is out of order.

Mr. Randy Hillier: No, it is not out of order. Demonstrate to me where it is out of order.

The Chair (Mr. Bob Delaney): Mr. Hillier, your request is out of order and the Chair will not consider it.

Mr. Randy Hillier: Demonstrate to me where it is out of order.

The Chair (Mr. Bob Delaney): At this point—

Mr. Randy Hillier: Which standing order is it—

The Chair (Mr. Bob Delaney): At this point, Mr. Hillier, we are considering section 1.

Mr. Randy Hillier: No, we are not considering section 1. A member of this committee has asked to be recognized by the Chair, and it is fundamental—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: —that before we get to section 1 we do the preceding explanatory note.

The Chair (Mr. Bob Delaney): Mr. Hillier, your request is out of order.

Mr. Randy Hillier: So I'm not going to stop demanding that you recognize a member of this committee. I'm not going to stop.

The Chair (Mr. Bob Delaney): Mr. Hillier, your request is out of order.

Mr. Randy Hillier: No, it is not out of order.

Mr. Peter Shurman: Chair, may I speak?

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: Thank you, Chair. My colleague is obviously upset about the fact that you don't want to consider the explanatory note. The explanatory note, as the Chair knows, is part of the bill. As such, before you go to clause-by-clause considering the subsections of the bill, it seems to me to be a reasonable request to consider the explanatory note. So I won't go back and forth with you, but I make that request respectfully.

The Chair (Mr. Bob Delaney): Thank you, Mr. Shurman. Standard committee practice at this point is to consider the bill section by section. If you wish to consider the explanatory note, there will be a time for that. So we will go section by section, as is the standard practice in committees. At this point, we are considering section 1, and I ask, at this point, is there any discussion on section 1?

Mr. Randy Hillier: We are not considering section 1 until you've recognized my request, by the Chair, to review the explanatory note. It's not going to happen.

The Chair (Mr. Bob Delaney): Mr. Hillier, I am advised that your motion is out of order. The explanatory note is not part of the bill and is not considered by the committee. The committee will now consider section 1, and I ask whether there is any discussion on section 1?

Mr. Randy Hillier: Excuse me, Chair. The explanatory note is a part of the bill, and it provides clarification for all those who come after us to understand what component parts are in the bill. I've requested—

The Chair (Mr. Bob Delaney): Mr. Hillier, you have been ruled out of order. And—

Mr. Randy Hillier: Chair, no, you ruled me out of order because you failed to recognize me in the first place. You ruled me out of order because of your failing to recognize me. Your failing does not—

The Chair (Mr. Bob Delaney): Mr. Hillier, you have been ruled out of order, and there is no debate on the ruling of the Chair. If you wish to appeal to the Speaker, that is your prerogative. But at this point, Mr. Hillier—

Interjection.

The Chair (Mr. Bob Delaney): Mr. Hillier, the Chair has ruled your request out of order—

Mr. Randy Hillier: You failed to recognize me, Chair. That's the failing.

The Chair (Mr. Bob Delaney): At this point, the committee will consider section 1, and I ask—

Mr. Randy Hillier: No, we will not consider section 1. I ask that you have the explanatory note—

The Chair (Mr. Bob Delaney): I ask whether there are any comments on section 1.

Mr. Randy Hillier: —put on the table for discussion.

The Chair (Mr. Bob Delaney): If you wish to appeal a ruling of the Chair, Mr. Hillier—

Mr. Randy Hillier: Chair, you failed to recognize a member of this committee—your failure.

The Chair (Mr. Bob Delaney): You may move to—

Mr. Randy Hillier: Your failure. Now, please, recognize the members of this committee when they speak.

The Chair (Mr. Bob Delaney): Mr. Hillier, you're out of order. If the committee wishes to appeal a rule—

Mr. Randy Hillier: Chair, you failed in your duty to recognize a member of this committee.

The Chair (Mr. Bob Delaney): If the committee wishes to appeal a ruling by the Chair, the committee may so appeal.

Mr. Randy Hillier: Chair, I'll put a motion that we do not have confidence in the Chair of this committee.

The Chair (Mr. Bob Delaney): Mr. Hillier—

Mr. Randy Hillier: We do not have confidence in the Chair of this committee. I'd like that on the table, and have a recorded vote on the topic of your—

The Chair (Mr. Bob Delaney): Mr. Hillier, you are out of order.

Mr. Randy Hillier: Chair, you have failed to recognize a member of this committee. Own up to that failing, and let's have a vote on the confidence of this committee in your chairmanship.

The Chair (Mr. Bob Delaney): Mr. Hillier, you remain out of order. Your request—

Mr. Randy Hillier: No, I am not out of order.

The Chair (Mr. Bob Delaney): At this point, the committee—

Mr. Randy Hillier: You are lacking confidence—this committee is lacking confidence in your chairmanship if you will not recognize the members of the committee.

The Chair (Mr. Bob Delaney): Mr. Hillier, no such motion is before the committee, and you are out of order.

Mr. Randy Hillier: I am asking that the motion be put on the floor that we lack confidence in your chairmanship.

The Chair (Mr. Bob Delaney): I ask the committee: Shall the Chair's ruling carry?

Mr. Randy Hillier: No. A recorded vote. We'll have a recorded vote.

The Chair (Mr. Bob Delaney): Then let us clarify: When the Chair ruled Mr. Hillier's request for consideration of the explanatory note out of order, shall the Chair's ruling be appealed?

Mr. Randy Hillier: Yes.

Mr. Michael Prue: Sustained.

Interjections.

The Chair (Mr. Bob Delaney): All those in favour—

Mr. Peter Shurman: Just a clarification: What are you asking, Chair?

Mr. Michael Prue: I'm not sure.

The Chair (Mr. Bob Delaney): Okay, let's clarify it. With regard to the Chair's ruling that consideration of the explanatory note is out of order, shall the Chair's ruling be appealed?

Mr. Monte McNaughton: Chair, can I just ask something? Can we have a 20-minute recess, please?

The Chair (Mr. Bob Delaney): At this point, you can have a recess pursuant to a motion, but the motion here is, shall the Chair's ruling be appealed?

Mr. Randy Hillier: It's in the standing orders that we can ask for a 20-minute recess.

The Chair (Mr. Bob Delaney): And you can ask for a 20-minute recess.

Mr. Michael Prue: Could I just seek some clarification? Since the 20-minute recess will take us well past the time, I would take it there's no reason to come back today.

The Chair (Mr. Bob Delaney): In response to Mr. Prue's question, the committee will then recess until this afternoon after routine proceedings.

The committee recessed from 1007 to 1401.

The Chair (Mr. Bob Delaney): The Standing Committee on Finance and Economic Affairs will come back to order.

When we last were here, Mr. Hillier had requested that the committee consider the explanatory note of the bill. The explanatory note does not form part of the bill and is not considered by the committee. I have therefore ruled that request to be out of order.

The question before the committee before we recessed was whether it would like to appeal my ruling, as Chair, to the Speaker. I will now put the question.

Mr. Randy Hillier: A recorded vote, please.

The Chair (Mr. Bob Delaney): Recorded vote. Shall the Chair's ruling be appealed to the Speaker?

Ayes

Hillier, McNaughton, Shurman.

Nays

Colle, Forster, Piruzza, Prue.

The Chair (Mr. Bob Delaney): I declare the motion lost. The Chair's ruling stands.

Mr. Randy Hillier: Mr. Chair, I have a motion here I'd like to table.

The Chair (Mr. Bob Delaney): We will now consider section 1 of the bill.

Mr. Randy Hillier: Chair, I have a motion here I would like to table.

The Chair (Mr. Bob Delaney): Mr. Hillier.

Mr. Randy Hillier: I move:

Whereas the Chair of the Standing Committee on Finance and Economic Affairs did not recognize the honourable member from Lanark-Frontenac-Lennox and Addington; and

Whereas this was a dereliction of his duty, inconsiderate and inappropriate; and

Whereas, on account of this clear denial of the democratic rights of Mr. Hillier, the honourable member for Lanark-Frontenac-Lennox and Addington has filed a point of privilege with the Speaker of the Legislative Assembly of Ontario; and

That the Standing Committee on Finance and Economic Affairs be adjourned until the Speaker of the Legislative Assembly of Ontario makes a decision regarding Mr. Hillier's point of privilege.

The Chair (Mr. Bob Delaney): The committee will recess for 10 minutes while the clerk copies the motion and considers the motion.

The committee recessed from 1403 to 1411.

The Chair (Mr. Bob Delaney): The committee will come back to order.

Mr. Hillier moves that the Standing Committee on Finance and Economic Affairs be adjourned until the Speaker of the Legislative Assembly of Ontario makes a decision regarding Mr. Hillier's point of privilege. Discussion?

M. Peter Shurman: Je dois demander, monsieur le Président, comme nous avons besoin d'une traduction de cette motion-ci, est-ce que nous pouvons avoir une traduction en français avant de faire une décision?

The Chair (Mr. Bob Delaney): Attendez un moment, s'il vous plaît.

This committee stands in recess for 15 minutes, pending the availability of a translator.

M. Peter Shurman: Merci.

The committee recessed from 1412 to 1426.

The Chair (Mr. Bob Delaney): Okay, ladies and gentlemen, let's bring the Standing Committee on Finance and Economic Affairs back to order.

Mr. Shurman will note that we have French translation.

M. Peter Shurman: Je suis très satisfait. Merci, monsieur le Président.

The Chair (Mr. Bob Delaney): Bienvenue. The motion raised by Mr. Hillier has been declared out of order, as the committee cannot entertain a motion on something that has not happened.

Mr. Randy Hillier: Pardon? Explain this to me. The motion that has been tabled, you're saying, is out of order. The motion says that the committee be adjourned until a decision is rendered on a point of privilege that has been served notice on with the Speaker. Now, how can that be out of order?

The Chair (Mr. Bob Delaney): I would note to Mr. Hillier that the point of privilege has not happened, and the motion has been declared out of order. I would suggest that the member consult standing order 121(a), and there is no debate on a decision of the Chair.

We will now consider section 1—

Mr. Randy Hillier: Chair, I'd like to—

The Chair (Mr. Bob Delaney): You are out of order, Mr. Hillier. There will be no debate permitted on a decision of the Chair.

Mr. Randy Hillier: Chair, I think there's an important element—

The Chair (Mr. Bob Delaney): The committee is now considering section 1. Is there any discussion on section 1 of the bill?

Mr. Randy Hillier: Yes.

Mrs. Teresa Piruzza: Chair, I'd like to bring forward a motion as well, please.

The Chair (Mr. Bob Delaney): Yes.

Mrs. Teresa Piruzza: Given that we can't debate a Chair's decision, as you just indicated, in terms of the point of order on that issue, I'd like to bring forward a motion.

Whereas the Standing Committee on Finance and Economic Affairs met this morning for the purpose of conducting clause-by-clause consideration of Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012; and

Whereas the Chair of the committee is charged with the responsibility of maintaining order in the committee and empowered to decide all questions of order; and

Whereas any decision of the Chair is not debatable and may only be appealed to the Speaker for a Speaker's ruling on the issue; and

Whereas the Chair of the committee ruled a motion put forward by the member from Lanark-Frontenac-Lennox and Addington out of order and the Chair's ruling was repeatedly challenged by the member; and

Whereas the member persistently disregarded the authority of the Chair and refused to heed the Chair's request to bring his behaviour into line with the rules and practices of the committee and, as a result, the committee was unable to commence the clause-by-clause consideration of Bill 2 this morning;

That the committee direct the Chair to report this matter to the House, pursuant to standing order 121(d), to request that the Speaker name the member for disregarding the authority of the Chair and abusing the rules of the House by persistently and wilfully obstructing the business of this committee.

The Chair (Mr. Bob Delaney): And we will have a 10-minute recess while the clerk copies the particular motion.

The committee recessed from 1429 to 1457.

The Chair (Mr. Bob Delaney): The committee will come back to order, please.

Mrs. Piruzza moved that the committee direct the Chair to present a report to the House, pursuant to standing order 121(d), to request that the House censure the member for Lanark-Frontenac-Lennox and Addington for disregarding the authority of the Chair and abusing the rules of the House by persistently and wilfully obstructing the business of the Standing Committee on Finance and Economic Affairs.

Discussion? Mr. Colle.

Mr. Mike Colle: You know, it's very difficult to understand, especially if you're a constituent in my riding or in any riding in Ontario where you have people that are very anxious to get to work, are looking for work as carpenters, electricians, handypersons—we've heard from the deputants here, the home builders' association and CARP, saying this will provide jobs in the homes of seniors who want to retrofit their bathrooms, who want to put in ramps. People are desperately saying, "Hey, listen, we could use this activity here, generated by this tax credit. It would put food on my table. I could employ maybe another helper here." It would basically allow people to pay their bills. I know people are very positive towards these types of programs. We've seen the federal program succeed and create jobs. This would also help do that.

So how do you tell people who are following this process, if you want to call it a process, where this bill is being blocked for whatever reason and you're stopping people from getting work? Then how do you tell the seniors?

This type of thing goes back for years. I was on city council. I remember I had a senior on Westmount Avenue—

Mr. Randy Hillier: Chair, should we not be speaking to the motion?

The Chair (Mr. Bob Delaney): I believe Mr. Colle has the floor, and I'm sure he is going to get to the motion.

Mr. Mike Colle: As the motion says, we are seeing this obstruction of the business of this committee. And the obstruction of the business of this committee means that, like the seniors I was talking about on Westmount Avenue, where there was a husband and wife who were in their 80s and had a son who was basically totally disabled, who couldn't even get himself to the washroom, which was on the second floor—they desperately wanted to retrofit a room in the back of the house so they could put a bathroom on the back of the house so they wouldn't have to drag their disabled son, who was over 250 pounds—they were physically dragging him up the stairs.

I know I fought hard at that time to get a program at city hall where there would be some financial help, like this bill would do in part. There are seniors in all of our ridings like this. We know them. They want to do a retrofit so they can stay in their house or they can get to a bathroom.

So, here we are today, basically seeing the obstruction of this initiative, which will, again, employ people, and we all agree we need employment, especially small contractors. This is not going to be for the big operators; this is going to be for the ordinary guys with a truck, and girls with a truck, that do these kinds of jobs in homes and all over this province, and they're going to get a little bit more work. Then on top of that, as I said, we've got an aging population. We don't want to see them go to the old age homes. They want to stay in their homes as long as they can. So if we can encourage that type of activity, we're not only going to help seniors; we're going to employ people.

This obstruction that we're seeing here today, the blocking of the routine business of this committee—it's really difficult for our seniors and our working people to understand what we're doing here today, when we see this kind of premeditated, organized obstruction of a simple bill that has already gone through the processes, and why we can't get the job done so people can get the jobs and seniors can at least live in some dignity in the homes they want to stay in or the apartments they want to stay in.

This is what is happening here today, Mr. Chairman. It's very, very difficult to stomach, and it's very difficult to stomach for those workers looking for work and for those seniors looking for a bit of relief where they can stay in their homes or get to a bathroom that is accessible. That's what I have to say.

The Chair (Mr. Bob Delaney): Further debate? Mr. Hillier.

Mr. Randy Hillier: I'm sorry that Mr. Colle doesn't know how to explain what he does here and the parliamentary process to his constituents, but I am interested to see how the Chair has provided such latitude to Mr. Colle to debate the merits of the bill instead of speaking to the motion in any substantive way whatsoever.

But I will start by speaking to the motion. I'll start by reiterating from the standing orders, section 21(a), and 21(a) states: "Privileges are the rights enjoyed by the House collectively and by the members of the House individually conferred by the Legislative Assembly Act and other statutes, or by practice, precedent, usage and custom."

I'd like to just refer members of this committee to page 60 of the House of Commons Procedure and Practice by O'Brien and Bosc, and this provides a definition of privilege. "The classic definition of parliamentary privilege is found in Erskine May's Treatise on the Law, Privileges, Proceedings and Usage of Parliament:

"Parliamentary privilege is the sum of the peculiar rights enjoyed by each House collectively ... and by members of each House individually, without which they could not discharge their functions, and which exceed those possessed by other bodies or individuals. Thus privilege, though part of the law of the land, is to a certain extent an exemption from the general law."

O'Brien and Bosc goes on to say, on page 61, "The privileges of members of the House of Commons provide the absolute immunity they require to perform their parliamentary work while the collective or corporate rights of the House are the necessary means by which the House effectively discharges its functions....

"The House has the authority to assert privilege where its ability has been obstructed in the execution of its functions or where members have been obstructed in the performance of their duties."

This has all come about because a member of this committee was being obstructed. The Chair, who is to be impartial and is to recognize all members of the committee, wilfully, intentionally and knowingly disregarded a member of this committee.

I'll go on to read, on page 67, again of O'Brien and Bosc, "In 1977, the Committee of Privileges re-examined the meaning of privilege and contempt, and the general thrust and conclusions of the 1967 report were reiterated in its report, later adopted by the House. The committee recommended that the application of privilege be limited to cases of clear necessity in order to protect the House, its members and its officers from being obstructed or interfered with in the performance of their functions."

Once again, clearly a member of this committee was wilfully being obstructed—wilfully. The Chair looked at me, saw that I was intending to lay a motion in this committee, and he purposely and knowingly refused to recognize myself. That is an obstruction of a member of this Legislature.

I will say to everybody here in this committee that if the Chair is allowed to callously and purposely disregard me and get away with it, he can do the same with any other member. That is unacceptable.

I'll go on to read page 75 of O'Brien and Bosc: "In its report on privilege, the special committee stated that the purpose of privilege was 'to allow members of the House of Commons to carry out their duties as representatives of the electorate without undue interference'.... The committee further pointed out that when matters of

privilege are raised, the member involved"—and this is an important one; it goes back to the first motion that I tried to table here that was ruled out of order—"cannot devote full attention to his or her parliamentary duties until the case is disposed of."

To reiterate, clearly the committee pointed out that when a matter of privilege—and I have indicated to this committee that a matter of privilege has been raised to the Speaker. "When matters of privilege are raised, the member involved cannot devote full attention to his or her parliamentary duties until the case if disposed of." It's clearly an indication that those proceedings, where that member is engaged in, ought to be recessed, suspended, adjourned until the matter at hand is dealt with. That motion was ruled out of order. Clearly, page 75 of O'Brien and Bosc thinks otherwise.

Page 82: "It is important to distinguish between a 'breach of privilege' and 'contempt of Parliament'. Any disregard of or attack on the rights, powers and immunities of the House and its members, either by an outside person or body, or by a member of the House, is referred to as a 'breach of privilege' and is punishable by the House."

Mrs. Teresa Piruzza: Chair? A point of order, Chair.

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: It appears in this discussion, with respect to the motion, that Mr. Hillier seems to be persisting in needless repetition. In fact, if we look at the rules of debate, "a member shall be called to order by the Speaker ...

"(c) if he or she persists in needless repetition or raises matters...." He seems to be saying the same thing in different ways over and over again, so I believe he can come to a conclusion and finalize the points that he would like to make. He just seems to be making the same point over and over again, which is, I believe, needless repetition, when we're trying to get the business of this House done. It is more stalling on his behalf.

The Chair (Mr. Bob Delaney): While I appreciate the point of order raised by the member, Mr. Hillier is addressing the motion before the committee, and I'll rule the point of order out of order.

Mr. Hillier.

Mr. Randy Hillier: Thank you. Just to reiterate, standing order 109 grants me up to 20 minutes of discussion, uninterrupted.

Again, on page 82, "It is important to distinguish between a 'breach of privilege' and 'contempt of Parliament'. Any disregard of or attack on the rights, powers and immunities of the House and its members, either by an outside person or body, or by a member of the House, is referred to as a 'breach of privilege' and is punishable by the House. There are, however, other affronts against the dignity and authority of Parliament which may not fall within one of" those "defined privileges. Thus, the House also claims the right to punish, as a contempt, any action which, though not a breach of a specific privilege, tends to obstruct or impede the House in the performance of its functions; obstructs or impedes any member or officer of the House in the discharge of their duties...."

Once again, I was obstructed and impeded and prevented from the discharge of my duties by the Chair of this committee.

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Furthermore, page 109: "To find a prima facie breach of privilege, the Speaker must be satisfied that there is evidence to support the member's claim that he or she has been impeded in the performance of his or her parliamentary functions and that the matter is directly related to a proceeding in Parliament." Obviously, this committee is a direct proceeding of Parliament. Clearly, I was obstructed; clearly, I was impeded; and clearly, the Chair recognized my intention to table a motion and refused to recognize, in violation of standing order 21.

I will also say that section 121(a), which the member has raised this motion on, allows and provides for the Chair to call a vote to appeal his decision. The Chair, had he been in an impartial and unbiased manner, would have brought that to the fore far earlier than when he did. It was just a dogged determination not to recognize this member of this House and obstructing me in my duties. The Chair had the opportunity to put that to a vote, but he failed to do so.

I think the evidence is clear. The precedents, the conventions and the protocols are clear that, until this case is dealt with by the Speaker, this committee ought to stand adjourned.

The Chair (Mr. Bob Delaney): Further comments? Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Chair. I appreciate the opportunity to comment for a little while on the motion by Mrs. Piruzza. I understand the reason for her motion, and I listened with interest to my colleague from Eglinton—Lawrence, Mr. Colle, talking about what he feels to be the urgency of implementation of this bill. I understand that there are legislative objectives of the government that include going forward, moving ahead with the implementation of Bill 2. And I understand, as the PC lead on this committee, what those objectives are, why the government wants to move speedily and what the purpose of this hearing was.

But I think that, given that you've opened the door to talking about the bill and talking about the proceedings in the same context, it's reasonable for me to put on the table the fact that there's a degree of embarrassment in the way that we have to behave in situations like this, just as there is—and we've witnessed it of late—in proceedings during question period. If we can't walk the talk that was predominant back in the fall by way of collaborative engagement here in this place, then we have a very small toolbox available to us to do the job at hand.

Let me refer to the bill and let me refer to the motion in the same context. We debated the bill in second reading. It wound up here. As is well known, this party, on this side, doesn't intend to support this bill, not because we have anything against seniors—I've got seniors in my riding, Mr. Colle, just as you do in Eglinton—Lawrence, and there is an urgency for them. In fact, I believe you and I share a common age group, and maybe I'm going to be a senior this year as well. So I'm not oblivious to

what the bill is about. I am very concerned, as was said in initial debate, about the fact that this bill is a very narrow effort and, in my view, a political effort on the part of this government. And by way of this government, this government is a government—and walking the talk—that so far has demonstrated on all fronts that it doesn't want to engage us. It doesn't want to listen to what we have to say when it comes to amendments. It doesn't want to hear what we have to say on Bill 2. It wants to proceed as if it was last year, when you had 70-something seats in the House and you're going to, by God, pass whatever legislation you want, and whatever we say be damned.

I don't want to go too far afield, because I recognize that the Chair is extending some latitude, and I don't want to take latitude and abuse it. But yesterday I debated the budget motion, and I talked about the fact that I'd been told—basically, I take it personally—that I never engaged, as finance critic, with the Minister of Finance to discuss items like this and their inclusion in the budget.

I've been told that, first of all, I didn't properly engage in discussion. There was no discussion at his behest until mid-February, when he was printing the budget already. This was a fait accompli—no interest in what my party had to say. I've been told by the Premier in the House in response to questions that I've forfeited my right to even debate the budget. So now I'm—

The Chair (Mr. Bob Delaney): Mr. Shurman, I just want to bring you back to the motion.

Mr. Peter Shurman: Okay, I'll bring it back to this. So now the budget includes this bill. The dollars that this bill will expend come out of that budget and, in my view, could have been spread further afield. I don't want to debate the bill, and I will bring it back.

Mr. Hillier has spent quite a bit of time, at this point, on concerning himself with and acquainting himself with a variety of commentaries on the procedures of Westminster, of the British parliamentary system, and with the standing orders. It's probably fair to say, whatever one may think of my friend Mr. Hillier, that he has spent more time on learning these procedures than anybody else in our caucus, and so we're happy to have him aboard today.

Our view here is not that we want to stop Bill 2 from ever getting back to the floor, because we know that ultimately Bill 2 will get back to the floor and it will go through third reading. Chances are, it will pass, with my party's help or not. But we have every right to go into a committee, or to go anywhere else we deem fit, to put our points across and to say that you can't look at us in the face and say we don't have a say in the budget that encompasses this bill. You can't look at us in the face and say that you can throw money away on something like Ornge and disregard the will of the House and not grant a select committee when it was voted by a majority. So when you come to committee and you talk about people who are beneficiaries at the other end of Bill 2, you have to take that into consideration as well.

We were voted in to represent constituents as well. I have probably the same percentage of seniors in Thornhill as you have in Eglinton—Lawrence. I'm concerned

for their welfare just as much as you are. I would like to speedily and expeditiously and very professionally come here and do my job. But you prevent that; you prevent it every step of the way. So don't be surprised when you come to a committee or you go into a chamber and hear bells ringing. That small toolbox that is available to us is the toolbox, being that it's the only one we have, that's going to be used. Thank you, Chair.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: Just to speak very briefly to this, I don't believe we can support this motion, and I don't think that it's doing any good to the Legislature or to the members of the Legislature by putting it forward. I would ask the member to consider withdrawing it, because in the end, all that is going to happen here is that you are asking that the Legislature take a look at what the member from Lanark-Frontenac—

Mr. Randy Hillier: Lennox and Addington.

Mr. Michael Prue:—Lennox and Addington is doing here in this committee. He has a responsibility, under the rules and procedures of the House parliamentary tradition, in opposition to question legislation, government motives, and to bring to the fore anything that he deems is appropriate. This has been the entire history of the parliamentary system. To put it in a nutshell, it is his job in opposition to oppose.

There are many ways to oppose. Some of it is very genteel, by pointing out the errors or suggesting alternatives; some of it is not. You can go into the Legislature—and there used to be a time when you would have dilatory motions. You would have people talking for eight and 10 hours. I think Peter Kormos, my former colleague from Welland, held the record once by speaking for four days on a motion, before that was outlawed. That was his job, his duty, in opposition, in order to stop a government bill that he thought was wrong or in order to draw attention to what was happening.

1520

Doing what you're doing, with all respect, is going against the parliamentary tradition and will not speed the passage of this bill. All it has done, in my respectful submission, is further delay what is happening here today. We will not be supporting it. We will not be supporting or voting—as a matter of fact, I don't think we're going to vote on this at all. Unless it's withdrawn, I expect there will be a 3-3 vote. I'm not sure what's going to happen with that.

But it is the position of the NDP that the bill should proceed. I concur with my colleague Mr. Colle that there are people who are waiting for this. I concur with my colleague Mr. Shurman that the Progressive Conservative Party, as the NDP, has the right to speak about the merits of the bill, to oppose when necessary and to use the tactics which are common to Parliament and parliamentary privilege. Having said that, the important thing is not to be debating what is before us here; the important thing is to get back to the bill.

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Yes, I'd like to respond to the comments that were made with respect to this motion.

Frankly, we're not removing anyone's responsibility or disallowing input into this bill. In fact, this morning, what I expected when I came in here was to be able to go through this bill clause-by-clause. Here we are at 3:30 or whatever time it is, and we haven't started that yet. That is because of the disruptions that occurred this morning. I will not be removing this motion because I still believe that he was disruptive this morning.

They had the opportunity, just as you did and just as we did, in terms of bringing forward amendments to this bill. We all heard the presentations that were here a couple of weeks ago in support of this bill. If there are issues or if you wanted to bring forward amendments, those amendments could have been brought forward to this House so that we could have debated them as part of this bill.

The motion is directly in response to the member's behaviour this morning wherein he continually interrupted the Chair, even when his motion was reviewed with the Chair and the clerk to indicate that he was out of order. He continued to interrupt this House so that we were not able to continue with the business of this House.

A fair decision was made. The motion was out of order. The Chair was not being callous, which is what I heard earlier today. The Chair was not being callous.

In terms of removing this motion, I do not agree with that. Again, I am not removing anybody's right in terms of reviewing this bill, in terms of responsibilities of representing their constituents or representing their community.

We've all had that opportunity in terms of bringing forward amendments. Going clause-by-clause—that is when we can discuss our concerns or anything with respect to this bill. Thank you.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Hillier.

Mr. Randy Hillier: So, Ms. Piruzza thinks my actions were disruptive, right? Now, she was recognized by the Chair and allowed to speak. I wonder what her comments and her thoughts and her views would be if she was not recognized by the Chair, and her ability to say her piece was denied. Is that something that I guess is okay with Ms. Piruzza: As long as she has a voice, then everything is acceptable? As long as the Liberal side has a voice and is recognized, then the system is working.

That's not good enough for me. It's not good enough for the constituents of Lanark-Frontenac-Lennox and Addington. I'm elected to be here to represent them and to speak out.

You may not like the tools that are at our disposal in the parliamentary system, but that's irrelevant. The tools are there. The standing orders are there. The parliamentary procedures and conventions are there. You might not like them, but I don't care. They're the tools that we have available, and I am going to exercise those tools when I believe that they need to be used.

So, once again I'll reiterate: The Chair saw that I was intending to table a motion and refused to recognize me, refused to even allow me to put a motion on the floor. Whether it was out of order or not, we don't know,

because I was refused to even table that motion. That is what is at the crux of the matter. I'll go back to what has clearly been identified as a parliamentary convention: that when there is a matter of privilege before the House, these proceedings be adjourned until such time as the Speaker rules on this.

Listen, this is not some little, minor, trivial matter. The Chair of a committee, just as the Chair of the House, must not only be impartial and be fair in his adjudication; he must be seen to be fair. What happened this morning cannot be deemed to be fair, when the Chair wilfully disregards a member of this committee.

If it can happen to me, it will happen to others. Right now, we have a Chair from the Liberals—from the government—in this committee. There are other Chairs in other committees. Do you want to allow and set a precedent that the Chair of any committee can wilfully disregard a member of that committee? I think if you're going to go down that path, if that's what you're looking for, then there are going to be a lot more disruptions, in your terms, than what you saw this morning.

The Chairs of our committees must recognize the members, and they must be seen to be fair and impartial.

The Chair (Mr. Bob Delaney): Further discussion? Mr. McNaughton.

Mr. Monte McNaughton: Thank you, Chair, and I—

Mr. Mike Colle: Mr. Chair?

Interjection.

The Chair (Mr. Bob Delaney): I'm sorry. Please forgive me. I didn't see Mr. Colle put his hand up, so I'll come back to you next time. Mr. Colle?

Mr. Mike Colle: Thank you. It is also a convention in the House and in committee that we respect the Chair and the Chair's rulings. You could imagine what mayhem there would be if there's constant challenging of the Chair to the point where, basically, the Chair is unable to conduct the affairs of the committee or the House. Basically, you're obstructing the Chair from doing the duties the Chairs have done for decades and centuries—so talk about convention.

I've been ruled out of order, as we all have, by Chairs. That's part of what we do here. We get ruled out of order, and generally speaking, we move on to another initiative, another tack. We don't personalize and all of a sudden start name-calling the Chair. We basically move on strategically to another approach.

That's the difference here. It has been a personal attack on the Chair, his integrity, because the member lacks the strategic skill to move on to another point of attack. I welcome his attempt to filibuster, etc. That's part of his job. I don't deny that. I'm saying, do that job, but don't blame it on some ruling the Chair made that Chairs make all the time. We're ruled out of order, and we move on. That's the way parliamentary procedure works. Just as Mr. Shurman says, I respect your job as being in opposition. I've been in opposition for many years myself. That's your job. I don't deny that you have a limited toolbox, and you have to do everything at your disposal.

But I think there is also an onus on us. We're on the government side, and we are trying to support an initiative that we feel is a worthwhile initiative. I think most people agree with that. So we're doing our job, too, to try and get this thing passed so it can help the seniors, so it can help create jobs. We have the right also to do whatever we can, in a parliamentary, civil fashion, to ensure that bills go through the processes, as determined by the House. It's not a procedure we determine unilaterally or the Chair determines unilaterally. The Chair is following the directions of the subcommittee. The Chair is following the processes of committees as set down by the Legislature, set down by the rules of order.

1530

There are both sides to this, and I'm just saying the bottom line here is, you can talk about the rules of order and we can defend our positions on the rules of order, but ultimately, I think what the public wants is for us to do our job. You are trying to obstruct, filibuster—that's fine, but it's also our job to ensure that a good initiative like this goes forward, and that's what we are trying to do, to the best of our ability.

The only thing I really object to is, as I said, this personal attack on the Chair, who has done what Chairs have done for decades, as I say. That's where I really find fault with the member's approach. He has personalized his attack on the Chair when he could have strategized in a different fashion and continued on his filibustering in a more, let's say, appropriate way. That's my two cents. Thank you.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: Well, thank you, Chair, and with all due respect to my colleague Mr. Colle, from the Liberals, what Ontarians want—and I know what people in my riding of Lambton-Kent-Middlesex want—is good government. Clearly, we're seeing this government speak with an arrogance of a government that has a majority government, and clearly, the people of Ontario elected all of us back to this Legislature to have more of a balanced approach.

I would recommend to my colleague and urge Mrs. Piruzza to withdraw her motion. I think that my colleague from Lanark-Frontenac-Lennox and Addington wasn't disregarding the authority of the Chair. He was doing his job—

Mr. Mike Colle: You weren't here.

Mr. Randy Hillier: Yes, he was.

Mr. Monte McNaughton: Absolutely I was, sir.

Interjections.

Mr. Monte McNaughton: Again, at some point, maybe when you're in government too long, you maybe lose touch—

Mr. Mike Colle: Well, I've been in opposition longer than you have, son.

Mr. Monte McNaughton: —with what's going on. But I think that this motion should be withdrawn.

You want to talk about obstruction. I am new here. I was elected on October 6, as you'll remember; I think I replaced one of your colleagues in the Liberal caucus. But I'm seeing obstruction all the time. I think it first

started with the vote after the election on home heating and taking the HST off of the home heating. The will of the Legislature was that that would be taken off home heating bills, and of course, your government, the Liberals, wouldn't abide by the will of the Legislature. Then, of course, we have the Ornge scandal and the select committee not being formed.

So we're seeing all kinds of obstruction and contempt, in my opinion, in the Legislature. We're doing our job to hold the government to account. I believe that's what my colleague here is doing today with this motion—

The Chair (Mr. Bob Delaney): I'm going to remind you as well to come back to the motion.

Mr. Monte McNaughton:—from Mrs. Piruzza, and I think that it should be withdrawn, as my friend from the NDP said.

We're seeing obstruction all the time. When it comes to Bill 2, we're staring down a \$400-billion debt. We can't continue with more fiscal mismanagement on behalf of the government.

To conclude, I just think that the member from the Liberal Party, Mrs. Piruzza, should withdraw this motion.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Prue.

Mr. Michael Prue: At the risk—I don't want to delay this, because I really still think it should be withdrawn, but if it's not going to be withdrawn, it should be dealt with.

I did take some umbrage, although it was not directed at me, Mr. Colle, when you said, "I've been around here longer than you are, son." I think that that was a bit of a slight against a younger member. We often talk about ageism here—you know, call old people—but to denigrate someone because of their youth or their age, when he is simply speaking in a very respectful fashion, was not appropriate.

Mr. Mike Colle: Okay, sorry; I didn't mean to say "son." He's a younger member than I am, and I sometimes refer to young people in that regard. I'll withdraw the offensive remark of calling him "son."

Mr. Michael Prue: Okay, and I thank you for that, because I think what we need to do is we have to forget what we've done for years in majority governments, both as opposition, who routinely, all the time, opposed everything—and I did, because I've never been on the government side. Look, I'm the dean of the opposition, people. I've been here longer than anyone else and never sat on the government side. I'm it. I am. That's who I am.

When you are on an opposition side in a majority government, it's very easy to oppose everything. When you are on the opposition side in a minority government, you have to be a little bit more circumspect of your views. We are trying to get this Parliament moving. We're trying to do all of the correct things, the right things. Quite frankly, this motion is not going to make friends for the Conservative Party or the member.

We have a learning experience. If you want the bill to go through, and I know the government does, then I think there is going to have to be some give and some take.

The member has the right to be dilatory. The member has the right to try a filibuster or two if that is what he thinks is the appropriate action, and he ought not to be taken before the House on a motion of censure for doing what we have all done for many years.

But I would ask him, as I would ask government members too: Please, the people of Ontario want us to make this thing work. If we're not going to try to make it work, then they have every right to be disappointed in those who fail them.

Having said that, again, I ask that it be withdrawn. I ask that Mr. Hillier and all members do what is necessary to move this along.

The Chair (Mr. Bob Delaney): Further comments? Mr. Hillier.

Mr. Randy Hillier: Just in response to Mr. Colle's comments when he referred to my activities this morning as constantly challenging the Chair, I'll say this: I know Mr. Colle has been here longer than I have as well, but I have never seen a Chair fail to recognize a member of a committee—not ever. It was not a case of the ruling out of order that was the issue; it was a case of the Chair failing to recognize a member. There's a significant distinction: not being recognized.

There has been some personal stuff said. Absolutely. I take it as a great personal affront to me that I was not recognized, and I would hope every member in this committee and every member in this House would feel in the same fashion if they were on that side of the equation, where the Chair failed to recognize your presence or your interest or your responsibility. So it is personal. This is upsetting. I've never, ever seen it.

Chairs make all kinds of rulings; that's not at issue. It's the recognition of a member. It was a unilateral decision by the Chair not to recognize me. It was an arbitrary decision not to recognize me. That is unacceptable in our parliamentary system, that a member is not recognized. I would hope and expect that the members of the government side would see and understand that distinction and the importance of being recognized.

I do believe if you want to move forward, if you want to show and demonstrate some willingness not to be calling people names and whatnot, withdraw that motion if you choose. But if you don't, I think it speaks volumes to everybody else here that arrogance is continuing on the government side, that they still believe they are a majority government, that they can use a sledgehammer on any problem and try to dismiss the opposition as if they are irrelevant to this institution. I've got another message: We're not irrelevant, and you can take out as many sledgehammers as you want. We are going to be heard, and there ought to be recognition each and every time a member of this committee wishes to speak.

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Just a final response to the comments that have been made: Again, I'll reiterate that, in fact, as we've seen this afternoon, everybody does have the opportunity to speak and you are being recognized by the Chair. The point of privilege in terms of our

discussion this morning was not what we were currently debating.

In terms of moving forward, I would be willing to remove this motion. But again, I do reiterate that we are not taking away. And just as you were saying that you're embarrassed by having to use some of the tools at your disposal, that somehow we have been arrogant in terms of not listening to you—we have, in fact, allowed quite a bit of discussion on this point this afternoon and we are moving forward with that.

I would suggest that we are not being arrogant with this. In fact, when you speak to rules of order, when you speak to procedural, then you have to look at all of them. We can't be selective in terms of procedural orders. It does also say that we need to respect the Chair. Certainly, that's what I was doing with respect to the motion as well: showing respect to the Chair in terms of the decision that he made this morning, again, in an impartial fashion, after conferring with the clerk, in terms of his order this morning.

At that, I will indicate that we will withdraw that motion so that we can move forward to the clause-by-clause.

The Chair (Mr. Bob Delaney): The motion has been withdrawn. We are back to discussion on section 1 of the bill.

Mr. McNaughton, did you have a comment on section 1 of the bill?

Mr. Monte McNaughton: Sorry, I just want to add one more comment. Just so I have it on the record about what my friend Mr. Colle said about me, I take it quite offensively that he did call me "son." I want to put on the record that I think that was a bad choice on your part. Would you apologize?

Mr. Mike Colle: Yes.

Mr. Monte McNaughton: I thank you for that.

I just think that this is the underlying disrespect that we're seeing from the government, and I'd like to have that on the record.

The Chair (Mr. Bob Delaney): Comments on section 1 of the bill? Shall section 1 carry? Carried.

Mr. Randy Hillier: Chair?

The Chair (Mr. Bob Delaney): Mr. Hillier.

Mr. Randy Hillier: I'm tabling a motion here. I'll read it into the record.

Whereas the constituents of the honourable member from Lanark—Frontenac—Lennox and Addington make their budgetary decisions based on posted costs of all products and services they choose both to purchase and not to purchase; and

Whereas the idea of price is fundamentally necessary in all economic calculations, public and private, in both revenue and expenditure; and

Whereas these principles are equally valid across the province of Ontario; and

Whereas there is currently no process for the costing of public bills tabled with the Legislative Assembly of Ontario; and

Whereas there is currently no mandate and no legislative requirement for the costing of bills tabled before the Legislative Assembly;

I move that the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that the NDP amendment to Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012, section 2, adding the subsection (3.1) be fully costed by an independent auditor before the clause-by-clause reading continues.

The Chair (Mr. Bob Delaney): Mr. Hillier, if you would give us your motion, this committee stands in recess for five minutes while we consider the motion.

The committee recessed from 1544 to 1556.

The Chair (Mr. Bob Delaney): We are back. Mr. Hillier has moved that the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that the proposed NDP amendment to Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012, section 2, adding the subsection (3.1), be fully costed by an independent auditor before the clause-by-clause consideration of the bill continues.

Discussion? Mr. Hillier.

Mr. Randy Hillier: Thank you, Chair. I think it's pretty intuitive, what the purpose of that motion is, and that is to know what the costs of our decisions are—that the committee make informed decisions and know what the full costs of programs and amendments are before we vote on them.

The Chair (Mr. Bob Delaney): Okay. Mr. Prue?

Mr. Michael Prue: Unfortunately, I cannot support this amendment. I've just read this. This is an addendum to section 2, and all section 2 says is, "Any other information that may assist the individual in determining whether he or she may qualify for a tax credit." So a person phones up the ministry and asks, "How do I fit into this tax credit? I want to put in" whatever repair they want to make, and Mr. Hillier is requesting that this be costed.

There is no way of knowing how a cost would be involved. Surely, someone who picked up the phone, someone who was answering an email, could look at whatever request was being made by a senior, or a person acting on behalf of a senior, and determine what fits or what doesn't fit. The cost would be negligible except to provide training to those who answer the phone or who answer by email. I don't see any rationale to this at all.

The Chair (Mr. Bob Delaney): Okay. Ms. Piruzza?

Mrs. Teresa Piruzza: No comment. I would recommend that we call the vote on the motion.

Mr. Randy Hillier: Speaker, I'd like to have a 20-minute recess before the vote.

The Chair (Mr. Bob Delaney): Mr. Hillier has requested a 20-minute recess. The committee will reconvene at 18 minutes after 4.

The committee recessed from 1558 to 1624.

The Chair (Mr. Bob Delaney): The committee is adjourned.

The committee adjourned at 1624.

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First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 26 April 2012

Journal des débats (Hansard)

Jeudi 26 avril 2012

Standing Committee on Finance and Economic Affairs

**Healthy Homes Renovation
Tax Credit Act, 2012**

Comité permanent des finances et des affaires économiques

**Loi de 2012 sur le crédit d'impôt
pour l'aménagement du logement
axé sur le bien-être**



**Chair: Bob Delaney
Clerk: Valerie Quioc Lim**

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 26 April 2012

Jeudi 26 avril 2012

*The committee met at 0904 in room 151.*HEALTHY HOMES RENOVATION
TAX CREDIT ACT, 2012LOI DE 2012 SUR LE CRÉDIT D'IMPÔT
POUR L'AMÉNAGEMENT DU LOGEMENT
AXÉ SUR LE BIEN-ÊTRE

Consideration of the following bill:

Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit / Projet de loi 2, Loi modifiant la Loi de 2007 sur les impôts en vue de mettre en oeuvre le crédit d'impôt pour l'aménagement du logement axé sur le bien-être.

The Chair (Mr. Bob Delaney): Good morning, everybody. It's good to see you all again. The Standing Committee on Finance and Economic Affairs will please come to order.

We are here to resume clause-by-clause consideration of Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit. When we concluded our last meeting, we were dealing with a motion by Mr. Hillier, on which I have put the question. A 20-minute recess was requested, followed by the committee suspending for a vote in the House. After the vote in the House, the budget motion was called during orders of the day. The meeting was then adjourned, pursuant to standing order 71(d), which states: "No bill shall be considered in any standing or select committee while any matter, including a procedural motion, relating to the same policy field is being considered in the House."

Now we will deal with Mr. Hillier's motion.

Mr. Hillier moved that the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that the proposed NDP amendment to Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012, section 2, adding the subsection (3.1), be fully costed by an independent auditor before the clause-by-clause consideration of the bill continues.

Mr. Mike Colle: Point of order.

The Chair (Mr. Bob Delaney): We are actually at the point now of voting on the motion, so Mr. Colle is in fact out of order.

Shall the motion carry? All those in favour, please raise your hand.

Interjection: Recorded vote.

Ayes

Fedeli, McNaughton, Shurman.

Nays

Cansfield, Colle, Forster, MacCharles, Prue.

The Chair (Mr. Bob Delaney): I declare the motion lost.

Mr. Mike Colle: Point of order.

The Chair (Mr. Bob Delaney): Mr. Colle.

Mr. Mike Colle: Just for clarification's sake, if there's a motion moved by a member of the committee, and then the motion is before us, and the mover of that motion is not here—just for future reference—is that motion in order?

The Chair (Mr. Bob Delaney): Yes. It has been moved, and as such, it's in order. It had been in order because it had been moved and we were set to vote.

Mr. Mike Colle: Okay, thank you, Mr. Chair.

The Chair (Mr. Bob Delaney): Okay.

Mr. Peter Shurman: Chair?

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I'd like to move a motion before we get into the clause-by-clause, because it relates to the bill.

The Chair (Mr. Bob Delaney): Mr. Shurman has a motion.

Mr. Peter Shurman: I'd be happy to give the clerk copies of this motion so it can be distributed to everybody, then I'll read the motion.

"Whereas the constituents of Thornhill make their budgetary decisions based on the posted costs of all products and services they choose to purchase; and

"Whereas the constituents of Thornhill are part of a broad number of different demographic, social, ethnic, economic, gender, linguistic and other groups; and

"Whereas the subjects of Her Majesty Elizabeth the Second, by the Grace of God of the United Kingdom, Canada and Her other Realms and Territories Queen, Head of the Commonwealth, Defender of the Faith, are of all different ages in addition to the aforementioned demographic groups; and

"Whereas individuals of different ages have fundamentally different choices to make when it comes to both revenue and expenditures; and

"Whereas these principles are equally valid across the province of Ontario, its ridings, municipalities, families and individuals; and

"Whereas members of the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario have no way of determining how the costs and benefits of Bill 2, Healthy Homes Renovation Tax Credit Act, 2012, will impact constituents of different ages;

"The Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that the stipend for parliamentary assistants for the government of Ontario be suspended for two years to allow for fiduciary adjustment to cover a portion of Bill 2, Healthy Homes Renovation Tax Credit Act, 2012."

Mr. Monte McNaughton: Excellent motion.

Mrs. Donna H. Cansfield: That's because you're not sitting here.

Mr. Peter Shurman: Could be the other way around, Donna. What can I say?

The Chair (Mr. Bob Delaney): Mr. Shurman has moved this motion. Is there any discussion?

Mr. Peter Shurman: Well, it really comes down to what we've been talking about, Chair, and obviously there's room for discussion by others.

This is a motion that relates to the fact that while we've been given very broad-based figures of what we believe, or what the government believes, to have been the cost in the time elapsed since the bill was brought before the House—because although it hasn't been passed, it is being acted upon—and that's about \$60 million. Then we have estimates that look at something in the vicinity of \$135 million to \$150 million. These are estimates, and we have a very hard job in front of us, by way of these estimates, in determining whether or not there is accuracy in what we're being told by the Ministry of Finance to the effect that these estimates are based on uptake. Indeed, they are only estimates. We don't know what the uptake will be.

During the course of debate of this bill, the main points of contention—by both opposition parties, I might say—were the issue of the narrowness of the bill on the one hand, and the prohibitive level of expenditure on the other hand, for people who were not of sufficient means, income-wise, to be able to afford this.

Had we been in a position to bring to bear some changes in the bill before it was tabled—and we did say this to the government—we would have liked it to be something that gave all seniors the opportunity to benefit, as opposed to this narrowness.

To bring it back to the motion, the motion calls for a contingency, if you will, to allow for us to cover costs that we have no way of determining. Any way we can get it, we will, and we see this as appropriate because, after all, every single one of you over there on the Liberal side with I think one exception, the member from Vaughan, has become a parliamentary assistant. If memory serves, parliamentary assistants are paid a stipend of about \$20,000 a year in addition, or is it \$10,000?

Ms. Tracy MacCharles: Wrong and wrong.

Mr. Peter Shurman: It's some number.

Mr. Michael Prue: No, no. It's about \$16,000.

Mr. Peter Shurman: It's \$16,000, so it's a significant number. So \$16,000 times 24 parliamentary assistants, give or take, is a significant number.

We feel that we should put this motion on the table because, not knowing what the costs of this bill are, we have to have contingencies, and that's why I've moved this motion, Chair.

The Chair (Mr. Bob Delaney): Mr. Shurman, are you moving an amendment to the bill?

Mr. Peter Shurman: No, I'm moving a motion before the consideration of the bill.

The Chair (Mr. Bob Delaney): Okay. Mr. Shurman, as you've indicated that you are not proposing an amendment to the bill, we will have to set this aside until we have completed clause-by-clause consideration.

Mr. Peter Shurman: May I amend my response to you, Chair, and say that I am prepared to move it as an amendment to the bill, if that's the case.

The Chair (Mr. Bob Delaney): Mrs. Cansfield.

Mrs. Donna H. Cansfield: This has already been moved as a motion, and I don't think it's relevant to the clause-by-clause on the bill. So on a point of order, I'd like it ruled.

The Chair (Mr. Bob Delaney): Mr. Shurman has indicated that he wishes to draft an amendment to the bill. The committee will recess for 10 minutes while the clerk's staff works on an amendment. So we are in recess until 23 minutes after 9.

The committee recessed from 0913 to 0932.

The Chair (Mr. Bob Delaney): Okay, ladies and gentlemen, let's bring our Standing Committee on Finance and Economic Affairs back to order.

Mr. Shurman's motion has been drafted by legislative counsel, and it will move to the end of the proposed amendments.

We are back discussing, at the moment, the NDP amendment, subsection 103.1.1(3.1).

Mr. Peter Shurman: Chair?

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: Can I just make sure that the request is in? I'd like to have the motion that we've made translated into French so that all may understand.

The Chair (Mr. Bob Delaney): Indeed it has been scanned and sent upstairs for translation. Following the recess for the vote, the motion, en français, will be—

Mr. Peter Shurman: C'est bon, monsieur Delaney.

The Chair (Mr. Bob Delaney): Merci bien, monsieur.

We can, at this point, move to discussion of motion 1R. Mr. Prue, do you any have comments?

Mr. Michael Prue: Well, do you want me to read it into the record? That's the usual practice.

The Chair (Mr. Bob Delaney): Would you please read the motion?

Mr. Michael Prue: I move that section 103.1.1 of the Taxation Act, 2007, as enacted by section 2 of the bill, be amended by adding the following subsection:

“Financial concerning tax credit

“(3.1) An individual who wishes to claim the healthy homes renovation tax credit may contact the Ministry of Finance to obtain information concerning the tax credit, including the following:

“1. A list of appropriate organizations that may be able to provide any of the following:

“i. General advice about qualifying for the tax credit.

“ii. Review of quotes from contractors to ensure that the quotes are reasonable.

“iii. A list of experienced contractors who have successfully worked on projects that have qualified for the tax credit or any similar tax credits.

“2. Any other information that may assist the individual in determining whether he or she may qualify for the tax credit.”

To speak to that, if I may, just very briefly. What we are attempting to do here—it is not dissimilar, although we think better, than what the government has put forward in their motion 1.1, which will follow, I suppose, if this is not successful. We believe that this is more specific. It allows for a great deal more latitude on the part of a consumer to access the ministry and have the ministry give advice.

We do know that we are attempting to reach out to many of the frail and elderly, who are often not able to discern the level of involvement they may have, the amount of money available, and are often nervous about contractors, of whom they don't know a great deal. We think that this would be a service that could be provided at minimal cost and perhaps no cost at all. It would just simply state that when the proposed recipients of this government initiative want information, the government would provide it. So we are asking for support. We think it's a very reasonable and not only cost-effective measure, but a measure that will protect consumers who may be vulnerable.

The Chair (Mr. Bob Delaney): Just before I move to further discussion, I'm just going to let members know that somewhere around the nine-minute mark in the countdown toward the vote on the motion to adjourn debate, we'll recess the committee and we'll go up for the vote.

Is there any further discussion on this motion? Ms. Cansfield.

Mrs. Donna H. Cansfield: I think the government agrees that there are issues surrounding consumer protection. There are some very significant challenges with the amendment in terms of the feasibility and the liability and also in terms from the government. What I'd like to be able to do is, if you think about the government supplying an external list of organizations and their eligibility, how do you pre-qualify, how do you make sure you didn't leave somebody off, or you've got somebody on that shouldn't be on, or whatever? That's the risk in exposure. To actually speak to that from a

more technical and legal aspect, so that you know that although we agree that consumer protection is critical and there are some other things that we can do through our Ministry of Consumer Services—I'd like to ask legal to come up and sort of give you the overview of fiduciary responsibility from a broader perspective from the Ministry of Finance.

Mr. Michael Waterston: Thank you. Good morning. I'm Michael Waterston, counsel with the Ministry of Finance legal services branch. We have looked at the proposed amendment by the third party and we do have certain concerns with the proposal that would include in the Taxation Act a specific commitment by the Ministry of Finance to provide certain information.

First, we consider that the impartiality of the Ministry of Finance could be called into question if the ministry provides the names of some organizations to assist individuals, and not other organizations. This is not a role that the ministry has taken on in the past. It is true that there are accountants and tax preparers whose business it is to assist individuals to file tax returns, but the ministry does not make recommendations or provide their names to the public. For the ministry to suggest that some organizations and not others could assist taxpayers could raise questions about the ministry's impartiality.

Second, the ministry could be exposed, depending on the circumstances, to criticism and potential liability if it suggests specific organizations to review quotes for renovations or to provide the names of contractors. For example, an individual may rely on incorrect advice provided by a suggested organization, or an organization may recommend a particular contractor that does not perform work satisfactorily. In these circumstances, it is possible that they could turn to the ministry to get some sort of compensation for that.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: I think you're reading a whole lot more into this motion than what it says. It says that the person phoning up may ask for “a list of experienced contractors who have successfully worked on projects.” All you have to do to be on this list is, once, complete the project, have it successfully done and ask that your name be put on the list. It's not recommending anyone. All that a person would do is phone and say, “Could you give me a list of contractors who have done this work in the past and who have been successful at it and met the ministry requirements?” They would then choose from that list. You would not recommend anyone. I don't see how you recommend a single soul, from what this says.

The Chair (Mr. Bob Delaney): And on this happy note, before we continue, as there's a division being called in the House, pursuant to standing order 128, I must suspend the committee meeting at this time to enable members to make their way to the chamber to vote. I ask members to please return promptly as the committee meeting will resume shortly after the vote in the House. We are in recess.

The committee recessed from 0940 to 0956.

The Chair (Mr. Bob Delaney): The Standing Committee on Finance and Economic Affairs will come back

to order. We are considering the NDP amendment labelled 1R in your package. Further discussion. Mr. Shurman.

Mr. Peter Shurman: I think what's important about this amendment is that in a different way, which really only speaks to what paradigm you happen to be coming at something from, the NDP is saying some of the same things that we've been concerned about, that we've talked about in debate; that our motions of last week, our motion that will be considered later, all speak to.

To be specific, and forgetting for a moment whatever tactics we may have experienced in this committee, the whole issue of costing this bill and providing information for people has been contentious. The single question that I've put forward to the government side through Mr. Naqvi, whose presence obviously we don't have the benefit of today, was to give us some kind of idea of what we're in for.

Number one, where's this money coming from? We heard some vagaries about the fact that there were shifts in allocation, and therefore we're not dealing with any new spending which, as this committee knows, is of great concern—I think it should be of great concern to all of us; it's certainly of great concern to my party—and I haven't seen specifics on where those allocations are being moved from, so that's an aspect.

Secondarily, as mentioned previous to the vote, we've been given very broad-based figures. I have a piece of paper with three numbers on it, and it says in the period expired March 31, about \$60 million; in the ensuing year, if memory serves, about \$135 million; and about the same amount in the year after that. That's about all I know or the NDP knows about money—where it's coming from, how much it is, based on government estimates on uptake. I don't have any reason to trust that. I'm not suggesting that the government is giving me misinformation; I'm suggesting that they haven't given me and perhaps themselves enough information.

Goodness knows that if you take a look at the events of the last 24 hours, there are questions as to government spending and even outsiders who are looking at the level of spending. Every time we get into one of these bills, there's a cost attached to it. If that cost is not held in check, then we in this province wind up in even more trouble.

This is not an issue, as raised by my colleague Mr. Colle last week, of, "Do we want to help seniors?" We all want to help seniors. We want to help everybody. The difficulty is you can't help everybody. You have to try and pick your targets and allocate resources in the best possible way. I would suggest that, in my view, the NDP's amendment, which I'm quite prepared to support on behalf of our party, begs that question: Where's it coming from, how are people going to know where to go, who's going to supply the service, what are those services, and what's applicable and what's not—because the regulatory aspects of this bill are onerous.

That's before you get into some of our concerns about the fact that if you take the layers of any element of the

population—in this case seniors who have let's face it, probably more than any other group, been devastated by the last couple of years because they've had their savings diminish without any opportunity to recoup. So now they have to do something that improves their homes and they have to spend money that is hard to come by. We have to know, and we have to know an awful lot more and have a resource to provide that information.

I accept at face value what the NDP's intention is and couldn't subscribe more to the idea that information is at a premium, in this particular instance more than most, and that there's certainly a lack of it.

The Chair (Mr. Bob Delaney): Further discussion? Mrs. Cansfield.

Mrs. Donna H. Cansfield: I think that we still had some discussion that we were going to have with legal folks. I'd like to reiterate—and I share this sincerely—I understand the issue probably as much as most folks because of the number of seniors, and the senior fraud issue is concerning. The challenge I have, and it's the same thing I've dealt with in my own constituency, is that today I have a listing of a particular contractor who's done an absolutely superb job; tomorrow, not so good. Or the next day, they're in bankruptcy.

But who takes them off the list? Who monitors the list? Is that the responsibility of the government or is it an issue of consumer protection—buyer beware? Are there things that we can do to help and support that individual?

If not, in fact, if you say that ABC Construction Co. is deemed to have value and can do this work, then I suspect legally they'll say to us, we have implied that we condone this particular construction company and the work they do. By implication, I think there's a legal issue here for the government. What we're saying—I speak to the issue around the individual, and I may have something I could propose, but I think we need to look at that implication of a government actually supplying lists and what the implication of those lists might be in terms of the liability responsibilities. Legal, if I may?

Mr. Michael Waterston: Correct. I'd agree with that. There is an expectation presented to the public. I think if the ministry potentially provides a list of organizations that can provide names of contractors or names of the contractors themselves, there could, in some circumstances, be an expectation by the public that there is some kind of promise or warranty that these are good, satisfactory contractors who could perform adequate services in all cases, which may not be the case and is not something that can be controlled by the ministry. This might not happen, but I think it's just an aspect of risk that could arise.

The Chair (Mr. Bob Delaney): Okay. Mrs. Cansfield, are you done?

Mrs. Donna H. Cansfield: Thank you. I guess one of the areas—that deals with the list of experienced contractors. But in (ii), it says, "review of quotes from contractors to ensure that the quotes are reasonable." Again, you're setting up a whole bureaucracy and a cost factor that—I mean, we just don't do these things.

I think what we do, through the Ministry of Consumer Affairs, is that we deal with the information and the support. We've always, at the ministry, been able to provide the tax information because it's on our website, and that's general information. But we don't give the names of the accountants to do the income tax, no more would we give the name of the contractor to do the business, no more would we come and say, "Bring your quote in, and we will review your quote to see if it's valid or not."

I mean, the cost of that alone, with four million people who potentially might have access to this—because it can be for your grandparents, or it could be the seniors themselves—could, in fact, be astronomical, setting up that kind of bureaucracy.

So I want to ask you, legal, to speak to that other issue around the review of quotes from contractors to ensure that quotes are reasonable.

Mr. Michael Waterston: Yes, I agree with your comments. Generally, the tax authorities will provide clear but general information about the operation of tax credits to taxpayers to allow them to self-assess and to do their own analysis with their own tax advisers as to whether they qualify for a tax credit and the particular amount. It is a self-assessment system. The ministry does not generally warrant, in specific cases, the work that is done by particular contractors in this case or review quotes to give advice, which is something not connected to the interpretation of tax legislation directly.

Mrs. Donna H. Cansfield: Thank you very much.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: This legislation is designed for frail and elderly people, to allow them to remain in their homes, without which many of them would have to leave. Is that not what this legislation is about?

Ms. Tracy MacCharles: Partially.

Mr. Michael Prue: Well, no, I'm asking the question. Is that what—

Mrs. Donna H. Cansfield: I think the question might be better asked of me. No, that is not what this is about. This is to assist folks who have a need for a device that enables them to stay in their home, and so they may be 62 or 65 or 89—

Mr. Peter Shurman: Hey, hey.

Mrs. Donna H. Cansfield: Oh, me too.

Mr. Peter Shurman: Be a little gentle.

Mrs. Donna H. Cansfield: I don't think I consider myself frail, but I may have an impediment that I need to have a walk-in bathtub for, for example. But I may not be frail in order to have that. So I think it's not just designed for the frail and elderly; it's designed to assist people who require that assistance at a certain age in their life.

Mr. Michael Prue: Now, I'm just trying to better understand why you feel that the government ought not to be providing advice to people who are seeking advice. Is it because you've said—I mean, I don't understand the third one to begin with. I don't understand why a list cannot be given. My office routinely gives lists of people when they arrive at the door looking for legal advice,

advice from—we give them lists of lawyers who are in the area. We don't say, "These are the only lawyers there are." We say, "This is a list of lawyers who have complied in the past or that we know specialize in this type of work," and we let them choose. I don't see that we're asking anything here.

I also don't think we're asking anything other than for an assurance of someone to say it sounds reasonable. Even if they said, "You're going to have to get three quotes," or some kind of advice along that, that's what we're asking for, just because we know that many of the people—not all of them; many of them—may have some kind of issue with being able to deal with this. We're dealing with a vulnerable population, and I don't understand why you don't think we're dealing with a vulnerable population.

Mr. Michael Waterston: I think it partly comes down to impartiality. If the ministry were to provide a list, it would have to make some choice as to who goes on the list and who does not, and there could be questions as to how impartially that list was put together. That's an issue that the ministry has avoided in the past and that tax authorities generally avoid.

Mr. Michael Prue: You have avoided it because you choose to avoid it. But if this committee and if the Legislature said that you're to do it, you could do it.

Mr. Michael Waterston: If it's set out in the legislation, that would be a rule, true.

Mr. Michael Prue: Okay. And the same is true of the second one. If this committee and then subsequently the Legislature says that the tax department shall do it, you can do it.

Mr. Michael Waterston: Yes, I think that's correct.

Mr. Michael Prue: Okay. Thank you.

The Chair (Mr. Bob Delaney): Mr. Colle.

Mr. Mike Colle: Yes, I know we had this dilemma with the insurance industry when we had to deal with paralegals. At that time, there was a list of paralegals listed on the FSCO website. It was found that many on the FSCO website were basically either out of business or—some even had criminal records. So what had to happen is, we had to get new legislation which in essence put the supervisory role of the list of paralegals in the hands of the Law Society of Upper Canada. Therefore, the law society, a third party, essentially monitors and is responsible for those who are supposed to be on the list or taken off the list because of bad practices.

What you really need here is you need a third party that is willing to act as an overseer of this list, because it gets very complicated on practices—what they've done. They may have provided good services to one customer, but then all of a sudden these companies change hands and then they're not up to the level of service they provided previously. So it takes ongoing monitoring. I think somehow if this type of thing is ever going to work, you would need a third party who would act as an overseer to make it relevant and to put in safeguards to this.

Anyways, this is the example that they did in insurance, where paralegals are now under the auspices of the Law Society of Upper Canada and they're monitored by them.

The Chair (Mr. Bob Delaney): Further discussion? Mr. McNaughton.

Mr. Monte McNaughton: Sorry, I think my colleague—

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Sorry, I wasn't familiar with the procedure. I was hitting the request button thinking that that was going to be listed as my request to speak.

The Chair (Mr. Bob Delaney): And actually, the Chair was trying to preserve your voice, so I wasn't sure whether or not you were asking to speak or desperately needed a glass of ginger ale, under the circumstances.

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Mr. Victor Fedeli: Both, but thank you. Thank you very much, Chair. I'll speak very briefly and probably quickly.

While I do not support the bill, I do support this motion. I found the bill did not reach enough seniors in Ontario. I found that it was a limited amount that it actually would benefit. So in my opinion, anything that would help promote this program or bring assistance to this program to identify it or to aid as many seniors as possible in understanding what this bill is and if, indeed, it would offer any benefit to them, I think, is an important addition.

I would bring attention to paragraph (3.1)1, the fourth word: a list of "appropriate" organizations. I'm satisfied when I see that word "appropriate" there describing the organizations that might be able to provide the following. When I do see that word added, it gives me some comfort with the Ministry of Finance. So I would ask if you could comment, for a moment, on your interpretation of the list of primarily "appropriate" organizations. I'd appreciate that.

Mr. Michael Waterston: Well, I could say that the proposed amendment does refer specifically to a list of appropriate organizations, so that if this subsection were added to legislation and if the ministry were to respond to questions of individuals, it would have to make a judgement as to whether an organization is appropriate to be mentioned to the public to provide the information. And it does provide some limit on the organizations whose names could be given to the public.

Mr. Victor Fedeli: May I, Chair? Subparagraph i of paragraph 1, "General advice about qualifying for the tax credit": Is there something in your mind that can be done that is appropriate to offer advice in that category?

Mr. Michael Waterston: On that particular point, I note that this credit, if enacted, would be administered by the Canada Revenue Agency on behalf of Ontario, pursuant to the tax collection agreement, and that the Canada Revenue Agency would, through interpretation bulletins, I expect, or other publications, provide general advice about qualifying for the tax credit.

Mr. Victor Fedeli: So you don't seem to have any difficulty with subparagraph i of paragraph (3.1)1.

Mr. Michael Waterston: Correct.

Mr. Victor Fedeli: So subparagraph ii of paragraph (3.1)1: the list of appropriate organizations that could look at the quotes from contractors. Can you talk about that one individually?

Mr. Michael Waterston: You're referring to subparagraph i, the introduction?

Mr. Victor Fedeli: Subparagraph ii of paragraph 1.

Mr. Michael Waterston: Oh, sorry. That refers to a review of quotes from contractors to ensure that the quotes are reasonable.

Ms. Malle Hanslep: I'm Malle Hanslep, deputy director of the Ministry of Finance legal services branch. On these points, I think, as Michael has mentioned, that the ministry would have to determine which is an appropriate organization to provide this information, and Michael has raised the concerns about impartiality. We here at legal don't know which organization would be appropriate, what these organizations are, how they would be qualified and how the ministry would vet them.

In particular, general tax advice: Certainly, that's within the Ministry of Finance to give, and the ministry could find an organization for that, but subparagraphs ii and iii are very specific to contracting construction renovation and a list of experienced contractors who have successfully worked. There's a lot of judgement on that, a lot of quality control on that.

Basically, the ministry's role here specifically is to pick the first organization, and then, in picking that organization, to ensure that that organization is able to successfully provide the advice and oversee quotes and so on for the applicants to the program. I think it would be—we were speaking to the issues of legal concern with this wording and this amendment. By doing that, I think it would be difficult for the ministry to ensure that those organizations are appropriate to provide those sorts of lists, as has been mentioned. The experience of the contractors, of personnel, can differ over time. They can be working on different sorts of jobs. Basically, this raises the issue of liability for the government in providing, indirectly, those kinds of lists. By doing it that way, I think you do set out, for the public who are applying here, that ultimately this indirect list has got some sort of government approval or sanction. That's the concern that we have.

Mr. Victor Fedeli: May I, Chair? I don't know that they're asking you for the contractor list; I think they're asking you for the list of appropriate organizations that could provide that. And while, in your words, it may be difficult, if directed, could you do that?

Ms. Malle Hanslep: I can't really speak to that, as a lawyer. I don't know substantively how they would pick this organization.

My point is that, while the ministry picks the appropriate organization, in order for the ministry to assess that that organization is an appropriate one, I think the ministry would want to have the assurance that the

organization can successfully complete i, ii and iii. That's our concern.

The Chair (Mr. Bob Delaney): I'm going to stop discussion there. This committee will be in recess until 2 o'clock, or following routine proceedings in the House. Thank you all for your—

Mr. Michael Prue: Will these witnesses be back? Because I have more questions.

The Chair (Mr. Bob Delaney): Mr. Prue asks whether or not you're able to come back, and the answer is yes.

We are in recess.

The committee recessed from 1017 to 1419.

The Chair (Mr. Bob Delaney): Good afternoon, everybody. Welcome back. The Standing Committee on Finance and Economic Affairs will come back to order. We are resuming the clause-by-clause consideration of Bill 2, the Healthy Homes Renovation Tax Credit Act, 2012.

When last we left, we were considering an NDP motion that on your sheet is labelled 1R. When we recessed, I believe Mr. Prue was just about to resume his questioning of the ministry staff. Mr. Prue, would you like to take it from here?

Mr. Michael Prue: Surely, if they would come back to the table. Welcome back.

There are many organizations that deal with home renovations—organizations of tradespeople, organizations of carpenters and plumbers and electricians and home renovation experts. I'm having difficulty understanding the reluctance to recognize such an organization that knows its members and knows people who are qualified—or knows of people who may not be—not being allowed to provide such information. It's not the government providing the information directly; it's the government saying if you want any advice on local home renovators, here's a number to call, and somebody on that end of the line will assist you. I don't understand how that's going to implicate the government.

Mr. Michael Waterston: I think there are two aspects to this. In order to implement this proposal, the government would have to set up some kind of bureaucracy or devote some time of staff to do the research and to find that information to provide to individuals with respect to all areas of the province. It's not necessarily clear that there would be such organizations to serve all communities within the province or whether it would be focused more in large cities. So there's the issue about the time that would have to be spent by staff to find the information and whether organizations like this exist everywhere. That's one aspect which is more administrative in nature.

Secondly, on the liability side, I think there is some risk that, even though the province would just be giving the names of an organization that would provide further information and not providing the names of the specific contractors and things itself, it is still participating in that process. If someone at the end of the day receives inadequate service from a contractor or inadequate

review of a quote, depending on the circumstances, they could attempt to claim that the government is liable for not exercising proper care and control in setting up that system to provide information. It's a risk. It's not clear that it would arise in every case or when it would arise. It depends on circumstances, but that risk would be there, we think.

Mr. Michael Prue: Would the government not have it within its control and power to have a disclaimer, either written or orally over the phone, "We do not recommend; however, if you want, you might want to call the associations of renovation contractors"—I just made it up. I don't know.

Mr. Michael Waterston: Certainly, yes. That's a suggestion. That's something that could be done, and that could help to manage the risk.

Mr. Michael Prue: So with having a disclaimer and having an organization which you feel comfortable with and having legislation, would that assuage all of your fears?

Mr. Michael Waterston: I think that would go some way in allowing the government or the ministry to manage the risk. It wouldn't necessarily get rid of the risk completely, but it is one way of managing it. Malle, do you have any comments?

Ms. Malle Hanslep: I agree with that. That's a way of managing the risk, to have a disclaimer on it.

Mr. Michael Prue: Okay. That would be my questions.

The Chair (Mr. Bob Delaney): Okay. Ms. Jaczek.

Ms. Helena Jaczek: I'm just trying to catch up a little bit. I just substituted on to this committee. In other words, as you look at the NDP motion, you're concerned about issues that this is sort of a cumbersome, bureaucratic process that's being suggested?

Mr. Michael Waterston: That's one issue because this is the type of information that tax authorities such as the Ministry of Finance do not ordinarily provide. They do not have systems set up that provide this kind of micro-level information to taxpayers to help them find good contractors to renovate their homes, to be able to claim a tax credit.

Ms. Helena Jaczek: In other words, we don't do anything remotely like this in any other area.

Mr. Michael Waterston: Not to my knowledge.

Ms. Helena Jaczek: Okay. Then you were concerned also about potential liability for the ministry: if something should go wrong in a particular case, and the name of the organization was on this proposed list, that this might then result in some legal action, potentially?

Mr. Michael Waterston: Correct. That's a legal concern that we have as well.

Ms. Helena Jaczek: Okay. One of the issues I see that the NDP have raised is general advice about qualifying for the tax credit. Is that something that would be readily available on a website, or since we're dealing with seniors, would they be able to access that information, as an example, from the Ministry of Finance by phone?

Mr. Michael Waterston: Completely. The Ministry of Finance has provided a couple of news releases that set out in general the conditions for qualifying for the credit, as well as a list of the types of renovations that would qualify for the credit. Those have been on the Ministry of Finance website since last November, after the bill was introduced.

Also, the Canada Revenue Agency, on behalf of Ontario, would be the tax authority that administers the credit. They have a system set up that provides information such as this to taxpayers to help them determine what they have to do in order to claim a tax credit like this.

Ms. Helena Jaczek: So it would be clearly listed in the guide as people are putting their income tax return together? There would be a section that would alert them to the fact that this credit was available?

Mr. Michael Waterston: Yes, I think there would be a form, an attachment or schedule to a tax return or else otherwise available on the website that would allow them to claim the tax credit.

Ms. Helena Jaczek: And it would be an expectation that any accountant or any accounting firm filling out such returns would obviously bring the attention of the customer to this particular tax credit as well?

Mr. Michael Waterston: Yes, I think so.

Ms. Helena Jaczek: Yes. I see. So I gather, therefore, that you from the Ministry of Finance feel that this is a motion that would really not serve a particularly useful purpose?

Mr. Michael Waterston: Well, arguably, the legislation is not necessary to require the provision of that general information because systems are already set up administratively within finance and I think even more so within the Canada Revenue Agency to assist in informing taxpayers about the credit, in the event that this bill is enacted.

Ms. Helena Jaczek: Thank you very much.

The Chair (Mr. Bob Delaney): Any further discussion on it? Ms. Forster.

Ms. Cindy Forster: Yes, just to follow up, there are no government of Ontario programs where dollars and oversight are given to a non-profit agency to implement pieces of legislation such as this?

Mr. Michael Waterston: Correct. There is general information, I understand, that the Ministry of Consumer and Business Services makes available to advise people in a general way of their rights in dealing with home renovators. That deals at a general level and does not go to the specifics, I think, of whether the contractor is satisfactory or whether the contractor has provided a reasonable quote. But there are some, I think, consumer protection programs at a higher level within that ministry and available that could assist.

Ms. Cindy Forster: Okay. Thank you.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Shurman.

Mr. Peter Shurman: Chair? I would appreciate a 20-minute recess so we can consider—

The Chair (Mr. Bob Delaney): Prior to the vote?

Mr. Peter Shurman:—before the vote.

The Chair (Mr. Bob Delaney): Absolutely. This committee is in recess until 2:50.

The committee recessed from 1428 to 1450.

The Chair (Mr. Bob Delaney): Let's come back to order. Let's put the question on the NDP motion, version two. Is it the pleasure of the committee that the motion carry? I heard a no.

All those in favour, say "aye." All those opposed? I declare the motion carried.

Mr. Shurman.

Mr. Peter Shurman: I think it would be a good time for us to take a bit of a pause in proceedings and all of us to consider our positions. I don't speak for the government, and at this point I do speak for the PC Party. The PC Party would like to consider the go-forward on this bill, so I'm suggesting that we adjourn to next week and hopefully finish up with it at that time.

The Chair (Mr. Bob Delaney): Mr. Shurman has suggested that we adjourn the committee until next Thursday at 9 o'clock. That is, in fact, a debatable motion. Ms. Jaczek.

Ms. Helena Jaczek: I feel very strongly that this is an important piece of legislation, and I don't want to see any delay whatsoever. I think it's important for our seniors. We know from stakeholders that they're looking forward to this renovation tax credit, and I would not want to see any delay at all.

The Chair (Mr. Bob Delaney): Mr. Shurman—

Mr. Peter Shurman: Well—

The Chair (Mr. Bob Delaney): I'm sorry. Mr. Prue.

Mr. Michael Prue: Let Mr. Shurman go first.

Mr. Peter Shurman: I moved the motion, so I'll respond, and obviously Mr. Prue has an opinion as well.

I think I have to agree with you: It's been delayed enough already. You didn't have the benefit, probably, of reading the Hansard from our last session, or perhaps somebody has relayed it to you. I spoke for quite a period of time about a comment that Mr. Colle made—on the same basis as what you have, Ms. Jaczek; that is, the member from Thornhill and the Progressive Conservative Party are certainly not against doing the right thing for seniors, and if this bill is the right thing for seniors, well, the House, in its wisdom, will vote that way. I think we've already signified our reasons for not voting that way, but that's got nothing to do with my adjournment motion. I feel as strongly about seniors—or, for that matter, children—as anybody. We come from different directions.

I think the elephant in the room is delaying tactics. All of us are very familiar with what's going on and why it's going on. I don't like delays. I don't like the very miniscule toolbox that people in the opposition are given to express their displeasure with the movement of government on various issues, not the least, legislation. So I, like you, would like to see this go back to the House. On that basis, we're quite prepared to rethink our position, but we think we need a week to do it. That's the

reason why I've moved the motion. So I would hope that this would be a motion that would pass with unanimity, that we could go away, come back next week and get this thing dispensed with.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: I've had the opportunity of being here for the entire debate on this issue. I will tell you, there was some considerable angst from the government side on the last occasion because of the dilatory tactics, which I think are freely admitted, coming from the Conservatives. That is their prerogative and they can do it. I fully expect, if we do not adjourn this afternoon, to come back, hopefully, with a better sense of this bill on the next occasion; that we will spend the balance of the afternoon in more dilatory tactics. I'm not saying that we're going to do any, because I have no desire whatsoever to impede the smooth progress of this bill. But I also have no desire to sit here and be delayed, ad nauseam, with 20-minute delays and motions and everything else, which can happen.

I'm given to understand that the Conservatives are rethinking their position, and I'm hopeful that if we do adjourn today, when we come back here a week from today, we can dispense with this bill in very short order, probably—and I'm dreaming of this, I know—in the morning, next Thursday morning. Either that, or we can be delayed all afternoon and be back here next Thursday as well. I'm in the hands of the committee and the majority vote, but I, for one, think that if it's not going to serve any useful purpose this afternoon other than to show how smart members can be in seeking delay, I have other things, and I'm sure we all have other things, that would accommodate our time better.

The Chair (Mr. Bob Delaney): Mr. McNeely.

Mr. Phil McNeely: Mr. Chair, I just want to say that I, as a Liberal member of this standing committee today, want to work, so I'll be voting against the motion.

The Chair (Mr. Bob Delaney): Ms. Jaczek?

Ms. Helena Jaczek: I would certainly urge the NDP to rethink, perhaps, their position on this adjournment. We have your second amendment here in front of us. It looks like an interesting one and certainly something that I know we've given a lot of thought to.

I don't really understand how the Conservatives' opposition, in general, to some of the other decisions of the government should impede the actions of this committee. This is a separate issue. It relates to a vulnerable population. I find it really quite extraordinary that a week's delay is necessary to consider the points of the bill and the value it will have for our seniors. I'm really just quite astonished, in fact, that the NDP would want to agree with the Conservatives in a delay tactic here this afternoon.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: I don't know whether I was speaking another language or what here. I did not say that I agree with the dilatory approach taken by the Conservatives; in fact, I disagree with it. But I am also mindful that it's going to happen, and that's the reality. It

is going to happen. If you want to sit here until 6 o'clock and watch it happen, then I will be sitting here with you. That's the reality.

I'm trying to be a realist here. I'm trying to say that if you want this to happen and unfold—I know my friends are very inventive. I know they have staff who have well primed them. I know they have motions. I know they have ways that they can ask for 20 minutes every motion, every submotion, and I fully expect that they will do that if we proceed this afternoon.

Ms. Helena Jaczek: Well, then, I think the record should show that that is what they intend to do. If that happens, that happens.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: As long as we're all going to be very honest here, if we're talking about delaying tactics and we're going to play chicken, then maybe we should bring attention to the fact that I'm watching tweets come through from the political staff that are obviously in the room about what I might be doing, what my motives might be, what the PC Party's motives might be, and there are people out there who are spinning on behalf of the other party insofar as Ornge is concerned. Can we just put it all on the table and be honest about it?

I don't want to be here any longer than you want to be here, Ms. Jaczek. I really don't. I've got lots of things to do in my life, as well as in my business, as does everybody here. This committee meets on Thursdays; that was the reason for my suggestion that we adjourn till next Thursday, and I am optimistic that all of the problems that are causing the difficulty that has delayed—let's be equally frank here when I say: Every single piece of legislation that's out there has been delayed. Nothing has come back to the House since we were elected last October 6. I'm not happy about that, nor am I proud of that, but the fact of the matter is, you leave very little choice when you put your feet in cement and refuse to play on the playing field that has put you in a position that you weren't in a year ago.

I don't want to debate that; I'm going off course from the motion, but I think, in the interests of honesty, because we're all adults here, we understand each other, we understand why we're doing what we're doing, and we hopefully come back here and reconcile this during the ensuing week and can do this between 9 and 9:20 next Thursday morning. That would make me happy.

Ms. Helena Jaczek: My position is entirely clear. I want to continue clause-by-clause of Bill 2.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: I would like to go on the record as well. I would love to continue clause-by-clause and get this over with, but it is not going to happen. I've been here each week diligently, and last Thursday, the whole day was wasted. We accomplished nothing. I don't want to sit here today and accomplish nothing again for the next couple of hours, and that is why I am going to actually support the motion to adjourn.

The Chair (Mr. Bob Delaney): Further discussion?

Ms. Helena Jaczek: My position remains as it was. I am perfectly prepared to sit here and debate clause-by-clause on Bill 2. I think Ontario's seniors would like us to do that, and I see no reason whatsoever for any dilatory tactics.

I would hope that we could come to this particular moment in time with fresh eyes. I don't know what is going to happen within a week. I want to get on with the people's business.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Peter Shurman: Call the question.

The Chair (Mr. Bob Delaney): We'll call the question. Mr. Shurman has moved that the committee adjourn until 9 o'clock next Thursday, May 3. All those in favour? All those opposed? I declare the motion carried.

This committee is adjourned.

The committee adjourned at 1501.

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Official Report of Debates (Hansard)

Thursday 3 May 2012

Journal des débats (Hansard)

Jeudi 3 mai 2012

Standing Committee on Finance and Economic Affairs

Comité permanent des finances et des affaires économiques

Healthy Homes Renovation Tax
Credit Act, 2012

Loi de 2012 sur le crédit d'impôt
pour l'aménagement du logement
axé sur le bien-être



Chair: Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Thursday 3 May 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 3 mai 2012

*The committee met at 0904 in room 151.*HEALTHY HOMES RENOVATION
TAX CREDIT ACT, 2012LOI DE 2012 SUR LE CRÉDIT D'IMPÔT
POUR L'AMÉNAGEMENT DU LOGEMENT
AXÉ SUR LE BIEN-ÊTRE

Consideration of the following bill:

Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit / Projet de loi 2, Loi modifiant la Loi de 2007 sur les impôts en vue de mettre en oeuvre le crédit d'impôt pour l'aménagement du logement axé sur le bien-être.

The Chair (Mr. Bob Delaney): Good morning, everybody. The Standing Committee on Finance and Economic Affairs will please come to order.

We are here to resume clause-by-clause consideration of Bill 2, An Act to amend the Taxation Act, 2007 to implement a healthy homes renovation tax credit.

We're now on section 2 of the bill, amendment 1.1 from the government. Ms. Piruzza?

Mrs. Teresa Piruzza: Thank you, Chair. With respect to government motion 1.1, I'm going to recommend withdrawal of that motion, given the proceedings that happened last week with respect to the amendments.

The Chair (Mr. Bob Delaney): Okay. The government motion is withdrawn.

We are now on number 2 on your sheets. NDP motion, Mr. Prue.

Mr. Michael Prue: I move that section 103.1.1 of the Taxation Act, 2007, as enacted by section 2 of the bill, be amended by adding the following subsection:

"Financial disclosure

"(18.1) The Minister of Finance shall ensure that the appropriate annual financial reports compare the anticipated cost of the credit for a year against the actual cost of the credit for the year."

The Chair (Mr. Bob Delaney): Okay. Mr. Prue, any discussion?

Mr. Michael Prue: Yes. This is intended so that the government would have a line item showing the anticipated cost and then a line to show what was actually spent. We know, or we surmise, that the take-up may not be as high as the government says it's going to be, but we want to carefully monitor this, as it is a new program. That's all that this is designed to do. We can tell after a

year or two whether it's having the desired effect, and then whether amendments might be necessary.

The Chair (Mr. Bob Delaney): Further discussion? Mr. O'Toole.

Mr. John O'Toole: If I may, Chair, through you, address the amendment by the NDP. I think it's a very appropriate amendment. If you look at the preamble of the bill itself, it's quite specific. This is where we really get into why this bill is an imperfect piece to put out there.

I'll just read it for the record: "The tax credit for a taxation year is generally determined with reference to qualifying expenditures paid by or on behalf of an individual in a taxation year for listed improvements to a qualifying principal residence of the individual."

If you look at the way it's worded, it's quite ambiguous, really. Just reread it to yourselves and you'll see that I'm trying to make the point here that this is why it's so important that the NDP have taken some time and have actually read the bill.

"For 2012, however, the tax credit is determined with reference to qualifying expenditures paid by or on behalf of an individual after September 30, 2011...." So I hope the people were notified of this, because after September, there was an election in October. There's a lot of people that were surprised; most of all, I was surprised too, actually, if you think about it. "Listed improvements are those described in section"—so this whole thing here, for the ordinary senior who's trying to get some relief, this is very, very cumbersome. This amendment here is really only saying it's to have a comparative for what is the credit versus actual for the year.

Is there any idea from the government side, whoever has carriage of this, what's the forecast cost to the government on this? Have they actually done any work on this, or is it just an election promise?

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Let me just get the numbers out; in terms of the breakdown, I do have that. Certainly in terms of the breakdown, we have estimated costs that we've put forward, each of which have been brought out through the bill and through the finances as going forward. So it's not new money that we have going into the program; it is money that's within.

The estimates that we've put forward for the first year, if I'm not mistaken, are \$60 million in the first year, \$125 million for the second and \$155 million for the third. Do

I have those numbers right? Sorry, \$135 million. So in the first year, the estimated expenditure is \$60 million.

The Chair (Mr. Bob Delaney): Any further discussion?

Mr. John O'Toole: Yes, this is fairly important. Throughout the day today, as we go through this as rigorously as we can, I will be pointing out that, first of all, the person has to spend—I think it's \$10,000?

Mrs. Teresa Piruzza: That's the maximum.

Mr. John O'Toole: And they get 15%? How much tax would you pay on that, like HST? I think you'd pay more tax than you'd—so actually, I think you'd get revenue from this. I think you'll get an excess of revenue.

Mrs. Teresa Piruzza: Well, the \$10,000 is the maximum expenditure that can be covered in terms of the credit.

Mr. John O'Toole: So if you spend \$10,000, you'd get—

Mrs. Teresa Piruzza: You'd get \$1,500.

0910

Mr. John O'Toole: You get \$1,500 back.

Mrs. Teresa Piruzza: Correct.

Mr. John O'Toole: You'd pay \$1,400 in tax, I guess?

Mrs. Teresa Piruzza: Depending on the product and what they're doing.

Mr. John O'Toole: Yeah. That's sort of a very onerous framework there. But anyway, I'd be supporting the amendment, unless Bob has something he wanted to add in the intervening time that we're wasting here.

The Chair (Mr. Bob Delaney): Further debate? Ms. Forster?

Ms. Cindy Forster: I just wanted to reiterate what Mr. Prue actually had to say. I think the purpose of this amendment is actually to have a look at the end of the first year, perhaps the end of the second year, to see how much uptake there's actually been, see whether or not we need to put some amendments forward to make it more inclusive of perhaps other things that will be beneficial to seniors.

The Chair (Mr. Bob Delaney): Shall the amendment carry?

Mr. John O'Toole: We haven't finished the discussion yet.

The Chair (Mr. Bob Delaney): Oh, I'm sorry, Mr. O'Toole.

Mrs. Teresa Piruzza: Sorry, I just did want to say, in terms of the amendment, essentially we're looking at comparing the anticipated and actual costs of the program. That's essentially what we're doing.

Mr. Michael Prue: And then we will know whether or not the program is doing what it's supposed to do.

Mrs. Teresa Piruzza: Okay. In terms of that, we're happy to support and to reaffirm this point in the act. This is an element that, of course, we do through expenditure estimates and public accounts, but we certainly support reaffirming this point in this act, as well.

The Chair (Mr. Bob Delaney): Further discussion? Mr. O'Toole?

Mr. John O'Toole: Just on that, I guess that I'd be open, too, in terms of—what I hear from my constituents is not in any way in opposition. It's very prescriptive, not being able to increase the value of the home because of the improvement.

And also, the other determinants for avoiding costs, like updating your home heating or something, which would be good for the environment, would be more efficient—is there no flexibility in this thing?

I think we could move forward quicker if we could get some of the things that we would like to see in there. There's no regulatory section here to allow you to change this on an ongoing basis. Once you pass this, this is the framework. There's no other option of saying, "These expenditures may qualify," like getting an energy efficient natural gas furnace or something like that.

Mrs. Teresa Piruzza: I would think as we go through the bill and go through the clause-by-clause, if there are amendments that you'd like to bring forward for consideration, these are the motions, and this is the bill that's put before us right now.

Mr. John O'Toole: I have some motions but they're not related to that so much. They're related to another goal.

Mr. Mike Colle: Mr. Chair, I move approval of Mr. Prue's motion.

The Chair (Mr. Bob Delaney): Further discussion?

Shall the amendment carry? Carried.

On your sheets, number 3, PC amendment number 3: Mr. O'Toole?

Mr. John O'Toole: I don't have it in front of me here.

Interjection.

Mr. John O'Toole: Oh, good. Sorry about that. Bob is helping me here this morning.

I move that section 103.1.1 of the act, as set out in section 2 of the bill, be amended by adding the following section:

"Suspension of parliamentary assistants' stipends

"(19.1). The stipend for parliamentary assistants for the government of Ontario shall be suspended for two years from the date the Healthy Homes Renovation Tax Credit Act, 2012 receives royal assent to allow for fiduciary adjustment to cover a portion of the healthy homes renovation tax credit."

The Chair (Mr. Bob Delaney): Mr. O'Toole, when you read the amendment, you said, "by adding the following section." Did you mean the word "subsection?"

Mr. John O'Toole: Yes, I meant subsection. Thank you, Bob; I appreciate that.

The Chair (Mr. Bob Delaney): Thank you.

Mr. John O'Toole: Since I didn't write it.

I'd like to speak to the motion.

The Chair (Mr. Bob Delaney): The Chair rules the amendment to be out of order because it would direct the allocation of public funds.

Standing order 57 states, "Any bill, resolution, motion or address, the passage of which would impose a tax or specifically direct the allocation of public funds, shall not be passed by the House unless recommended by a mes-

sage from the Lieutenant Governor, and shall be proposed only by a minister of the crown.”

Mr. John O'Toole: Well, since there's no minister of the crown here, with your indulgence, Chair, I'd like to speak. I'm not challenging your ruling. I want to make that very clear.

The Chair (Mr. Bob Delaney): But Mr. O'Toole, the amendment is out of order. You can't speak to an amendment that is, itself, out of order.

Mr. John O'Toole: But I can be outraged.

Mr. Mike Colle: Outrage duly noted.

The Chair (Mr. Bob Delaney): Okay, so noted.

Shall section 2, as amended, carry? Carried.

Shall sections 3 and 4 carry? Carried.

Shall the title of the bill carry?

Mr. John O'Toole: Point of order.

The Chair (Mr. Bob Delaney): Mr. O'Toole.

Mr. John O'Toole: I have a couple of—with your indulgence, I'd like to present to the Chair another amendment to the bill. I have copies here made, if I can get the clerk of the committee—I'll take one myself, and as you're distributing it, I'll read it out. Thank you.

Mr. Mike Colle: Point of order, Mr. Chair.

Mr. John O'Toole: I'm in the midst of—right after I'm finished here.

The Chair (Mr. Bob Delaney): Mr. O'Toole has the floor. Let's let him finish.

Mr. John O'Toole: Yes, thank you very much.

Whereas the constituents of Thornhill—

Mr. Mike Colle: Who has the floor?

Mr. John O'Toole: I have the floor, Michael.

Mr. Mike Colle: I thought we were in the middle of a vote on the title of the bill.

Mr. John O'Toole: Yeah, well—Chair?

The Chair (Mr. Bob Delaney): Hold on for a minute.

Mr. John O'Toole: Thank you.

The Chair (Mr. Bob Delaney): Mr. O'Toole, the committee will be in recess for five minutes while your motion is considered.

The committee recessed from 0917 to 0925.

The Chair (Mr. Bob Delaney): Ladies and gents, let's come back to order. We are on the title of the bill. Shall the title of the bill carry? Mr. O'Toole?

Mr. John O'Toole: No, a point of order, please: I would like to table a—

Mr. Mike Colle: Aren't we in the middle of a vote?

Mr. John O'Toole: No, no. The title of the bill is basically a symbolic statement, really.

I have another motion here I'd like the clerk to look at. I'd like to discuss this one here. So that the public is aware, our position on this is that this has two purposes, and I'll discuss them once this has been handed around.

The Chair (Mr. Bob Delaney): Mr. O'Toole, if you have a motion, I'd like you to make the motion so that the Chair can judge whether or not the motion is in order. If the motion is in order, you may discuss it.

Mr. John O'Toole: I'll just read it and we'll get to that.

Whereas the constituents of Thornhill make their budgetary decisions based on the posted cost of all products and services they choose to purchase; and

Whereas the idea of price is fundamentally necessary in all economic calculations both public and private; and

Whereas these principles are equally valid across the province of Ontario, its ridings, municipalities, families and individuals; and

Whereas members of the Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario have no way of knowing the benefits and impact of Bill 2, Healthy Homes Renovation Tax Credit Act, 2012, on members of different demographic, social, ethnic, economic, gender, linguistic and other groups;

The Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that, Bill 2, Healthy Homes Renovation Tax Credit Act, 2012, an independent auditor review the costs and benefits to members of different demographic, social, ethnic, economic, gender, linguistic and other groups.

And I move that the title of the bill reflect such activities.

The Chair (Mr. Bob Delaney): Mr. O'Toole, the motion that you've moved is in fact out of order—

Mr. John O'Toole: We're dealing with the title of the bill. I want it to reflect. This is really addressing this section for the bill.

We may need a recess to review this.

The Chair (Mr. Bob Delaney): Mr. O'Toole, the sheets that you've handed out seem to be a little different from one another. I'd like you to clarify the last paragraph. Would you read for the record, one more time, just the last paragraph as you wish that paragraph to read?

Mr. John O'Toole: Yes. You may have to amend that.

The Standing Committee on Finance and Economic Affairs of the Legislative Assembly of Ontario recommends that, Bill 2, Healthy Homes Renovation Tax Credit Act, 2012, an independent auditor review the costs and benefits to members of different demographic, social, ethnic, economic, gender, linguistic and other groups; and that the title of the bill reflect such activities.

It's got to be more inclusive, the title, you know? The title of the bill.

I would ask also for a 20-minute recess to caucus this significant amendment.

The Chair (Mr. Bob Delaney): Mr. O'Toole, the amendment is still out of order. What is on the table now is in fact the title of the bill, and your amendment deals with the content of the bill. The Chair must rule it out of order.

Mr. John O'Toole: Well, we are moving—the last line is the most important part. The title of the bill should reflect the attributes that we've referred to. Demographic, social, ethnic, economic, gender, linguistic and other groups must be reflected in the title of the bill. Otherwise, it's sort of an elitist kind of title.

The Chair (Mr. Bob Delaney): That still remains out of order as the standing orders state that the title of the

bill can only be amended if, in the course of its consideration, the content of the bill has been significantly amended. That does not appear to be the case, so I will rule this motion out of order.

Interjection.

The Chair (Mr. Bob Delaney): But Mr. O'Toole, having been ruled out of order—

Mr. John O'Toole: We're so close to being finished here—

The Chair (Mr. Bob Delaney): Yes, we are. We're very close to being finished.

Mr. John O'Toole: It's a shame that I wasn't substituted on this bill earlier.

Interjections.

The Chair (Mr. Bob Delaney): I need you to direct your comments to the title of the bill.

Mr. John O'Toole: I'd like people to know, though, that we felt, right from the beginning—if you look up the Hansard in this debate, this bill—I think many seniors have been misled on this, because it's so—

The Chair (Mr. Bob Delaney): Stop.

Mr. John O'Toole: An opportunity to—I'm generalizing—

The Chair (Mr. Bob Delaney): I need you to confine your remarks to those that are parliamentary. The amendment that you've raised is out of order. The matter before the committee is the title of the bill.

Mr. John O'Toole: It's in that vein, respectfully to the Chair and in parliamentary parlance, that the bill—our leader, Tim Hudak, has made it very clear: If you really are serious about wanting to help seniors, what we're hearing in our constituency—and this is not reflected in this title, the Healthy Homes Renovation Tax Credit Act. In fact, the person has to spend \$10,000. On top of that, they're going to pay \$1,400—or up to, whatever—up to \$1,400 in HST to get back \$1,500. What a rip-off. The fact is, they're going to lose the interest on the \$10,000, which would've probably been a couple hundred dollars, so they're actually going to lose money. Not only that, the expenditure itself will not allow them to improve the value of the home. How can you spend 15 grand and not improve the value of something? It's flawed.

The Chair (Mr. Bob Delaney): I need you to redirect your comments back to the title of the bill

Mr. John O'Toole: This bill should be withdrawn. The amendments that have been made in good faith—it should be cancelled. If you take this back to the House, we're going to be in much trouble there when we get it back to the Legislature.

With all due respect to the members over there, we moved a reasonable motion. The reasonable motion was to eliminate the parliamentary assistants' pay. Do you realize that all of the Liberal members—

The Chair (Mr. Bob Delaney): Mr. O'Toole, I'm going to have to cut you off on that because you're discussing—

Interjection.

The Chair (Mr. Bob Delaney): Mr. O'Toole, you're out of order.

Interjection.

The Chair (Mr. Bob Delaney): You're out of order. Further discussion on the title of the bill?

Mr. Mike Colle: I move a vote on the title.

Mr. John O'Toole: I call for a recess, a 10-minute recess.

The Chair (Mr. Bob Delaney): Mr. O'Toole has asked for a 10-minute recess. Mr. O'Toole has moved a 10-minute recess before the vote on the title of the bill. The committee is in recess until 9:41.

The committee recessed from 0933 to 0941.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, let's bring the Standing Committee on Finance and Economic Affairs back to order.

Prior to the vote on the title of the bill, Mr. O'Toole requested a recess. The recess having been granted, shall the title of the bill carry?

Interjections: Carried.

Mr. John O'Toole: No, no, no.

The Chair (Mr. Bob Delaney): Mr. O'Toole, we actually are at the—

Interjections.

Mr. John O'Toole: No, no. Don't try to play games.

The Chair (Mr. Bob Delaney): Mr. O'Toole, at this point—

Mr. John O'Toole: I have an amendment and I'd like to table the amendment, which I'll read as follows—

The Chair (Mr. Bob Delaney): Mr. O'Toole, at the moment, you're out of order. If you wish to discuss, you can do so after this particular vote. We granted a recess prior to the vote on the title of the bill. Where we are right now is the title of the bill.

Shall the title—

Mr. John O'Toole: And I'm moving an amendment to the title of the bill.

The Chair (Mr. Bob Delaney): Mr. O'Toole, your amendment is out of order. We are—

Mr. John O'Toole: You haven't heard it.

The Chair (Mr. Bob Delaney): Mr. O'Toole, we're at the point now where we are voting on the title of the bill.

Mr. John O'Toole: Chair, point of order. I have an amendment. Let me read the amendment and then you can rule. You don't know the amendment I'm moving, and it reads as follows—

The Chair (Mr. Bob Delaney): Mr. O'Toole, if you wished to move an amendment, you had to have moved the amendment prior to asking for the recess before the vote. We have granted the recess. We will now vote on the title of the bill.

Mr. John O'Toole: I'm asking for a 20-minute recess—

The Chair (Mr. Bob Delaney): You can ask for a recess after this vote.

Shall the title of the bill carry? Carried.

Shall Bill 2 carry?

Mr. John O'Toole: I am asking for a 20-minute recess.

The Chair (Mr. Bob Delaney): Mr. O'Toole—

Mr. John O'Toole: I'm asking for a 20-minute recess, Chair.

The Chair (Mr. Bob Delaney): Mr. O'Toole has requested a 20-minute recess. We are in recess until—

Interjection.

The Chair (Mr. Bob Delaney): Prior to our recess, was there any discussion on—

Interjection.

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Thank you, Chair. On that, we're just continuing with more in terms of trying to drag this on longer. We need to get this done. I think there are stakeholders here who have taken time out to be here today in support. I've spoken with them and they're all saying, "Get this done."

With us today—if I may, to read into the record, because they have taken the time to be here today—we have Norm Shulman, from the Ontario Gerontology Association; Adina Lebo, from the Canadian Association of Retired Persons—

The Chair (Mr. Bob Delaney): I'm sorry. At this point, I'm going to rule that out of order as well.

Mr. O'Toole has requested a 20-minute recess. When we return, our vote will be on whether Bill 2 shall carry. Prior to that, you can have a discussion on whether or not I should report the bill to the House.

We are in recess until three minutes after 10.

The committee recessed from 0945 to 1004.

The Chair (Mr. Bob Delaney): The Standing Committee on Finance and Economic Affairs will now come back to order.

Our 20-minute recess being completed, we are now at the point of asking shall Bill 2, as amended, carry? Carried.

Mr. Ouellette.

Mr. Jerry J. Ouellette: I want to make a couple of comments and continue to reflect on what's taking place in regards to the next motion that should come forward, which I would expect would be reporting of the bill to the House.

Some of the things that I think individuals need to realize is that when the gods make war, peasants fall, and some of us need to remind ourselves of that on a regular basis. The question, Mr. Chair, would be, then, the actions that have taken place within this committee, are they not within the complete guidelines found within the Legislature?

The Chair (Mr. Bob Delaney): I would like to think that as Chair and as members, we've governed ourselves to the limit of our abilities within the standing orders.

Mr. Jerry J. Ouellette: Yes. So essentially, what has taken place is nothing outside the rules or the guidelines that have been determined by the Legislature through precedent over decades of time.

Quite frankly, we've seen, when reporting bills to the House, where government members sat—and I think Mr.

Colle should quite remember that a particular member of their party, at a time when another party was in power, spoke for two years in committee, two entire years, and stopped the committee's process and disallowed the bill from being reported to the House, to the point where the bill was completely lost. For two years, one individual from the current government members spoke at committee to stop that legislation from going forward.

Not only that, but I recall just recently in the Legislature where the member from St. Catharines—I brought to his attention that when he was in opposition once upon a time, not that long ago, he actually sat there for an entire week. The bells rang non-stop. Not only that, we also had a member of the current government party who spoke in the Legislature on one single topic for an entire month. So the individuals who are present here today understand that so long as there is compliance and following of the rules, those rules eventually change to give everybody fair opportunity to move forward.

However, when we fall into opposition positions, those aspects that we have that we're allowed to use to move forward—and, yes, the bill will eventually move forward to a position whereby it's allowed. But so long as you comply with the rules, then all should be allowed to proceed in a normal fashion. I think that's what's taking place. The bill has passed two specific clauses now since I've been in here this morning, and I believe there is one more to take place, of which the process by which is granted to those of us who have the ability to do something with shall be used to our extent.

The Chair (Mr. Bob Delaney): Mr. O'Toole?

Mr. John O'Toole: Yes, again, for the benefit of the public, and Jerry gave us quite a background on how things happen here by the standing orders, we fully recognize that Premier McGuinty and his colleagues are in government. As such, this bill will move its course through procedures.

Out of respect for you here this morning, specifically Adina Lebo as well as another fellow I spoke to, Norm Shulman, I spoke with Tim Hudak as well as Jim Wilson, our House leader, a few moments ago in the recess. We're not going to be obstructionist because of your time and your frustration. So it's in that vein that we're not going to delay it any further.

From this point on, the bill will proceed and be called for third reading, at some point, in its amended form. Third reading, if it doesn't happen next week, then we're off the following week. Then there's the whole drafting of the regulations for implementation. The bill, if you read it, it's when it receives royal assent, which could be a year from now. But I think it's important that you, if you wish this to pass—and I appreciate the fact that you're here to lobby all of us, whether it's NDP or Conservative or the Liberal members, to make sure it gets implemented. You're right: This is about seniors aging in their home.

Look, I'm closer to it than most of you in the room. Mike Colle and I—

Mr. Mike Colle: Speak for yourself.

Mr. John O'Toole: Not ever. So I could have a conflict, some people would say.

In that vein, Chair, respectfully, I think all members are—we serve our constituents. That's about as much as I want to say. Bob Bailey, from Sarnia, is in the same boat, and I'm sure he feels roughly the same, and same as the NDP, really.

The bill, I'd like to see it be much more flexible. I'd have a regulatory section at the discretion of the minister—with some controls, obviously—to allow, for instance, two-storey homes to be renovated on the main floor. If you did that, by putting a washroom down there or whatever, that's a major thing for staying in your own home if you have an old house with the washrooms upstairs. So more flexibility would have been a far more realistic way of setting the bill in order. But we did not move those amendments. It's up to the government to draft the bill correctly.

Thank you for the chance to say hello.

The Chair (Mr. Bob Delaney): Given the exercise that we've all enjoyed over the span of the last three meetings, the Chair asks, with a little bit of trepidation: Are there any final comments?

Mr. Michael Prue: Don't we have to vote first?

The Chair (Mr. Bob Delaney): Mr. Prue, any final comments?

Mr. Michael Prue: I'm glad it's over.

Ms. Cindy Forster: One down and one to go.

Mr. Michael Prue: Well, yes. I'm glad it's over. I do recognize what my colleague Mr. Ouellette had to say. I mean, for the people who are here, it is the government's job to govern, and it's the opposition's job to oppose, especially where the opposition feels that something is wrong. We have no problems with this bill now that it is amended. We have none. So we intend to support it. But every opposition party has to make the determination of what they want to do and where they want to go with it.

The rules of the Legislature have been scrupulously followed. I thank the Chair because it was difficult, especially on the first day. It's over.

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Thank you, Chair. Just for the record, as I was indicating, we have some stakeholders with us. If I could?

The Chair (Mr. Bob Delaney): Please.

Mrs. Teresa Piruzza: I'd like to put them in. Prior to the break, I had put forward the names from the Ontario Gerontology Association and CARP. We also have Vanessa Foran here from Parkinson Societies in Ontario, Kevin McLean from the Royal Canadian Legion and Gail Simpson from the Ontario Society of Occupational Therapists.

Gail also provided me with a letter of support which I'd like to be put into the record and distributed as well.

Again, thank you for taking time to come out this morning.

I'd like to call the question, if I may.

The Chair (Mr. Bob Delaney): Thank you.

As members have observed, members of provincial Parliament do have privileges and this Chair hopefully has respected and will continue to respect those privileges while we all collectively pursue the business of the Ontario Legislature and, presumably, that of the people of Ontario.

One hopes, if members choose to speak as they have in the past, as Mr. Ouellette has pointed out, for weeks or months, that hopefully at the time it may have been either entertaining or edifying, but through the grace of God and the good judgment of some of the members here, we don't face that today.

So with a certain measure of relief, shall I report the bill, as amended, to the House? Carried.

Our business here is concluded, and we are adjourned.

The committee adjourned at 1011.

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STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Mr. John O'Toole (Durham PC)

Also taking part / Autres participants et participantes

Mr. Jerry J. Ouellette (Oshawa PC)

Clerk / Greffière

Ms. Valerie Quioc Lim

Staff / Personnel

Mr. Bradley Warden, legislative counsel



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Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Thursday 31 May 2012

Journal des débats (Hansard)

Jeudi 31 mai 2012

Standing Committee on Finance and Economic Affairs

Ensuring Local Voices
in New Casino Gambling
Development Act, 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 visant
à garantir la consultation
des populations locales
avant la création
de nouveaux casinos

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 31 May 2012

Jeudi 31 mai 2012

The committee met at 0900 in room 151.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Good morning, everybody. We are here to consider Bill 76, An Act to amend the Ontario Lottery and Gaming Corporation Act, 1999, and Bill 77, An Act to amend the Labour Relations Act, 1995 with respect to enhancing fairness for employees. Following that, we have public hearings on Bill 76.

May we first have the subcommittee report? Mr. Shurman.

Mr. Peter Shurman: Thank you, Chair.

Your subcommittee met on Thursday, May 17, 2012, to consider the method of proceeding on Bill 76, An Act to amend the Ontario Lottery and Gaming Corporation Act, 1999, and Bill 77, An Act to amend the Labour Relations Act, 1995 with respect to enhancing fairness for employees, and recommends the following:

(1) That the committee meet in Toronto on Thursday, May 31, 2012, to hold public hearings on Bill 76.

(2) That the committee meet in Toronto on Thursday, June 7, 2012, until 5 p.m. to hold public hearings on Bill 77.

(3) That the committee clerk, in consultation with the Chair, post information regarding public hearings on Bill 76 and Bill 77 on the Ontario parliamentary channel and the Legislative Assembly website prior to the adoption of the subcommittee report.

(4) That the committee clerk, in consultation with the Chair, place one advertisement regarding public hearings on both Bill 76 and Bill 77 during the week of May 21, 2012, for one day only, in a Toronto daily newspaper, in *Le Droit* and in the CNW newswire service, prior to the adoption of the subcommittee report.

(5) That interested parties who wish to be considered to make an oral presentation on Bill 76 contact the committee clerk by 5 p.m. on Monday, May 28, 2012.

(6) That interested parties who wish to be considered to make an oral presentation on Bill 77 contact the committee clerk by 5 p.m. on Friday, June 1, 2012.

(7) That the committee clerk be authorized to schedule witness presentations on Bill 76 and Bill 77 as the requests are received, on a first-come, first-served basis prior to the adoption of the subcommittee report.

(8) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questions by committee members.

(9) That the deadline for written submissions on Bill 76 be 5 p.m. on Thursday, May 31, 2012.

(10) That the deadline for written submissions on Bill 77 be 5 p.m. on Thursday, June 7, 2012.

(11) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

That is the report of the subcommittee, and, Chair, I move its adoption.

The Chair (Mr. Bob Delaney): Any discussion on the subcommittee report? Shall the subcommittee report be adopted? Carried. Thank you.

ENSURING LOCAL VOICES
IN NEW CASINO GAMBLING
DEVELOPMENT ACT, 2012LOI DE 2012 VISANT
À GARANTIR LA CONSULTATION
DES POPULATIONS LOCALES
AVANT LA CRÉATION
DE NOUVEAUX CASINOS

Consideration of the following bill:

Bill 76, An Act to amend the Ontario Lottery and Gaming Corporation Act, 1999 / *Projet de loi 76, Loi modifiant la Loi de 1999 sur la Société des loteries et des jeux de l'Ontario.*

CITY OF TORONTO, WARD 19

The Chair (Mr. Bob Delaney): Our first deputant this morning is Mike Layton, councillor, ward 19, city of Toronto. Please join us; have a seat. Begin by stating your name for Hansard. You'll have up to 10 minutes to make your presentation, followed by five minutes of questions, which I'll divide among the three parties, as we only have two deputants this morning. I'm going to ask everybody to try to keep it very concise. Please state your name for Hansard and proceed.

Mr. Mike Layton: Thank you. My name is Mike Layton.

Thank you for allowing me to speak today, and thank you to the MPP from Lambton-Kent-Middlesex for bringing this forward.

I am here as a local Toronto councillor and on behalf of the residents of Trinity-Spadina. I'm here to speak in support of Bill 76, Ensuring Local Voices in New Casino Gambling Development.

In 1997, 72% of Torontonians voted no to a casino in Toronto. Today, poll after poll demonstrate continued widespread opposition to casinos. A referendum was held in 1997 because the Ontario Lottery and Gaming Corporation Act required it. This month, without a vote by elected MPPs, the province quietly changed this act so that a referendum would no longer be required. This is the wrong path. The provincial government is choosing a path without public input, a path that leads to poor and uninformed decisions.

I'm speaking to three things today. First, the province's path unfairly steers clear of real public input. We deserve public debate about the real impacts of casinos on Ontario families and businesses.

Second, politicians should not be pressured by gambling giants such as MGM into making hasty decisions. Casinos have significant social and economic costs that must be considered.

Third, we can do better than casinos. We deserve an Ontario where revenue comes from prosperity, from innovation and from hard work, not from a short-sighted policy to exploit gambling addiction.

To my first point, governments are facing real economic hardship, but it is Ontario's people who are truly facing the challenges. Budget deficits do not justify imposing a decision on people. Local communities must be heard in order to make the right decision, to make a good decision on whether or not to host casinos in our communities. Decisions must be made democratically. Local voices must be included. How we decide and who decides is vital.

I am surprised at this government's attempt to limit the voices of local residents. This government seems desperate to collect revenue from any source, including gambling—so desperate that it will turn its back on democracy and place its bets.

When I was elected in 2010, there was no talk of a casino in Toronto, particularly on the waterfront. There was no talk, because it wasn't an issue. In the provincial election last year, I didn't hear any candidates talk about building casinos in Toronto. I didn't hear the Liberal candidate in Trinity-Spadina talk about this; I didn't hear the NDP or the Progressive Conservative candidates raise this. Just a few short months ago, it was not even a thought. But after the election, after the ballots were cast, after the candidates were democratically elected, the province turned around and announced its true intention and plans for casinos—no debate, no consultation, no referendum.

Instead of listening to the people, the government of Ontario only has time for the gambling industry. This is my second point. Politicians should not be pushed by the

gambling lobby into making hasty decisions. We cannot afford to squander democracy and rush to take people's money at casinos.

I have no doubt the multinational gambling giants are whispering in the ears of our provincial and municipal leaders, telling them to act now. It's, of course, in their interest. International casino operators will profit the most from a Toronto casino. They will, in fact, earn more than the government. I have no doubt they are telling our leaders that a referendum is a waste of time. They are not willing to bet on democracy. It's too risky for them.

While local voices are silenced, casino corporations quietly hold meetings at city hall and at Queen's Park. The only voices being heard are those who stand to make big profits, not Ontario families.

Communities don't want us, their elected officials, to rush. They know a roll of the dice is not a solution. They want ideas. They want plans which are thought out and studied.

This brings me to my third point: We can do better. People want us to do better than casinos. Let's imagine an Ontario where revenue comes from prosperity, not gambling. Residents want better cities, better communities. From us, they want leadership and innovation. Let's imagine building an economy on people's strengths. Let's imagine investing so our cities can compete internationally. Let's imagine an environment where our small businesses not only compete, but succeed.

First, let's not ignore that gambling is a serious addiction. It's a real problem, and we should not add to it. The research is in and is well documented by the Centre for Addiction and Mental Health: 449,000 people in Ontario have moderate to severe gambling problems, while 860,000 people are at risk of becoming problem gamblers. Studies show that as much as 30% of revenue at casinos comes from the pockets of those gambling with addiction. Think of it: A third of casino revenue comes from people willing to risk it all. First they gamble away what they already have—their home, their life savings. Then they gamble away what they don't have—they max out their credit cards. Then they gamble away their children's futures by raiding their education funds. These are not people who lose \$100 at a time. Preying on them is not leadership. It's not a strategy; it's exploitation.

0910

Cities don't earn very much from hosting casinos. According to the OLG annual report, each host city receives only \$3 million a year; that's it. They also get higher policing costs, more traffic and expensive congestion, more infrastructure costs, and more issues to deal with.

Local business suffers. Small businesses are forced to compete for dollars against international corporations. Most casino visitors in a city like Toronto will be locals, not tourists. That's why the casino operators so desperately want a casino here. The only people who win with casinos are the casino operators and their investors. They win by taking hard-earned money from our citizens.

We can do better. We can find more innovative and sustainable solutions to our budgetary problems. We can

find solutions that don't hinge on the addictions of our residents. To do this, let's start a better process.

Politicians are being dazzled by gambling giants into making hasty decisions, while direct public input has been shut out and those who elect us—those who pay our bills—get ignored.

Bill 76 is vital to putting the province on the right path. The current path is undemocratic. The current path dodges genuine public input. The current path will lead to lousy decisions. A better path begins by supporting Bill 76 to ensure local voices are heard. It will be a path where reasoned decisions are made; a path where bets stop being placed with Ontario's future.

We can't afford to gamble on casinos. It's simply not worth the risk. Thank you.

The Chair (Mr. Bob Delaney): Our questioning begins with Mr. McNaughton.

Mr. Monte McNaughton: Great; thank you very much. Thank you, Mike, for coming this morning and supporting our Bill 76, making referendums mandatory before any new casinos. I can say that the reason why I put the bill forward was because I heard from many communities across the province and hundreds of people who are concerned about the possibility of new casinos and the lack of consultation by the Dalton McGuinty government. I, of course, think that Bill 76 is the right thing to do.

I wondered, I guess, about some of the feedback that you've been hearing from your constituents regarding a possibility of new casinos.

Mr. Mike Layton: Like you, I've been hearing the same thing when I've been talking to my residents, going door to door. I hear that people are skeptical about the benefits of casinos. They're rather surprised when I tell them that the city of Niagara Falls and the city of Windsor only get \$3 million a year. When people talk about casinos, and when we certainly hear it out in the media, it sounds like we're going to get this massive windfall; we're going to win the jackpot. It's simply not true. I don't suspect that Toronto will get a terribly better deal than many of the other communities in Ontario. I wouldn't expect that in the political climate in the province of Ontario, and—

The Chair (Mr. Bob Delaney): Thank you. Mr. Prue, did you have any questions?

Mr. Michael Prue: Yes, a couple of very short ones. We also have a letter here today, jointly signed by the mayor of London and the mayor of Chatham-Kent, in which they raise two issues. They don't think that the province should be telling them how to conduct their business, and they also say that a referendum is too expensive in a time of restraint. Do you have any comment? Their position seems to be somewhat at odds with your own.

Mr. Mike Layton: I agree that there can be a significant expense to it. So are elections. Perhaps we should use that as a time where we actually decide the fate of casinos in Ontario and in our communities. I'm not sure that eliminating that from the process altogether is a

worthwhile endeavour. If you look at what we actually haven't had time for, we haven't had time for the public debate during an election. It just wasn't coming up on the doorstep. Without that, not having a casino limits public debate even further.

Mr. Michael Prue: In terms of the cost, you're saying that it should be done at the time of the next election to minimize costs?

Mr. Mike Layton: I think that's one way that we could look at minimizing costs. If the province is going to benefit so much from this, perhaps they should bear the costs of a referendum on this.

The Chair (Mr. Bob Delaney): Thank you. Mr. Colle?

Mr. Mike Colle: Thank you, Mr. Layton. I'm just curious: Do you have any idea why the only mayors or councillors to appear before this committee on this bill are two councillors from Toronto? Why don't we have a cross-section of municipal councillor representatives that feel like Toronto does on this or you feel like on this? Is there something unique about Toronto that feels so strongly that you would appear and these other municipalities would not appear?

Mr. Mike Layton: I think hosting the committee in Toronto is probably one reason. Councillors, as you know, are rather busy within their communities doing constituency work and council work that's so needed. I just so happen to be a couple of blocks down the street and actually not live too far, so it made quite a bit of sense to me.

What I actually think, though—I don't think a lot of people know about this. I truly think that when the regulation change was posted, it wasn't done in a very public manner. I don't think that the necessary attention was raised to it, and that's why I thanked Mr. McNaughton for raising this issue, because I think it's largely gone under the radar because of other things—

Mr. Mike Colle: The next question I have, because we've got such short time—sorry, Michael, to interrupt.

You, under the City of Toronto Act, can still have a referendum, no matter whether this bill passes or not. Is there anything prohibiting you from having a referendum?

Mr. Mike Layton: I don't believe that there is, and we'll hopefully be having one regardless of the province's stance on it. We've been manoeuvring to that as well.

Mr. Mike Colle: And where is that at right now?

Mr. Mike Layton: I believe we're waiting for a report from committee.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Layton, for having come in today and for providing us with your insights on Bill 76.

Mr. Mike Layton: Thank you.

CITY OF TORONTO, WARD 20

The Chair (Mr. Bob Delaney): Our next deputant is ward 20 Toronto councillor Adam Vaughan. Good morning and welcome.

Mr. Adam Vaughan: Good morning. Thank you for this opportunity.

The Chair (Mr. Bob Delaney): You've got 10 minutes to provide your thoughts and your remarks, followed by about five minutes of questioning. Please state your name for Hansard and begin.

Mr. Adam Vaughan: Sure. My name is City Councillor Adam Vaughan. I represent ward 20 in the city of Toronto.

Just to quickly clear up a couple of misconceptions that might flow from the previous question, the City of Toronto Act only allows referendums held by the city in areas of exclusive civic jurisdiction. In areas where there is provincial authority or jurisdiction, we require provincial consent to hold a referendum. The city of Toronto would have to petition the Legislature to get permission to hold a referendum on a casino.

As for why other mayors and councillors may not be here, the Federation of Canadian Municipalities' convention starts tonight in Saskatoon and both—while Councillor Layton is not attending, I have held back my flight to be present here.

I think the last time I was in this room was on another referendum issue, the amalgamation issue.

Mr. Mike Colle: I remember it well.

Mr. Adam Vaughan: I'll bet you do.

Back then, the province didn't want us to hold a referendum—we did anyway—and then chose to ignore us. The government at that time has yet to elect a member of the provincial Legislature as, I think, punishment for defying the will of the people of the city of Toronto. I just put that on the table for your consideration.

Interjection.

Mr. Adam Vaughan: The casino issue will probably work out as well, too.

Amalgamation has led to a restructuring of the city, as we all know, and that restructuring of the city was done for economic reasons. At the time of that amalgamation, the province failed to present until the last minute the economic arguments in support of amalgamation. That proved to be a very interesting report when it finally came out, because, in fact, the report didn't support amalgamation in terms of the findings that would be there. In fact, it was wrong on several counts, suggesting that we could amalgamate our police departments and save money as one of the recommendations that came from the famous KPMG report.

But as OLG pursues this, I think we need to understand why OLG is moving the way they are, and they haven't released their background documents that make the argument. In fact, my understanding is that the reports that went to the board of OLG actually didn't recommend a single casino in Toronto. It recommended several casinos in the GTA. Why is that report not in front of you? Why is that report not public? And where is the business case that supports all the assumptions that are in that report?

My understanding, as well, is that what OLG is attempting to try to do is restructure its revenue stream,

and, in doing so, restructure the gaming industry in Ontario and move from running it to simply taxing it. That may be a good argument and there may be good reasons why you might want to pursue that, but I think that without those documents in front of this committee, in front of the committees at city council that are dealing with this issue, we're kind of feeling around in the blind for why this change is being forecast upon us and, as well, why this change is being pushed on us the way it is, with literally a gun to our head: Approve it now or else. That's not a way to negotiate relations between different orders of government.

One of the things we constantly hear about is the billion-dollar investment that'll come with 10,000 jobs and the golden mile. It seems that anybody who can say a billion dollars and can say 10,000 jobs, who can show you a snapshot of a resort somewhere, gets a headline in the newspaper. That is not economic development. That's not a business case for a casino; that's a publicity stunt. We've seen the troubles that politicians all over the world get into when publicity stunts and slogans lead the campaign instead of facts and evidence.

0920

The facts and evidence on this are what make us so nervous in Toronto. If you start doing the research on economic impact, what you find is that casinos are one-for-one job replacement propositions. When you put a casino in a major urban area—not on a border and not as a resort designation—there's a simple transfer of jobs from the city to the casino.

What's interesting about these studies is that none of them involve the impact this is going to have on the horse racing industry and the impact on Woodbine. We're already seeing a one-for-one replacement based on the publicity stunt statistics, and the very real predictions that the horse racing industry is making at Woodbine. When you add the economic impact of the one-for-one transfer inside the service sector close to a casino, what you get in a major urban centre like Toronto is you actually start taking jobs away from Torontonians—but it's not really jobs you're taking away; it's actually small businesses.

The biggest impact that casinos have in major urban areas is on the small business sector within a vicinity. It differs from study to study, but in Montreal, 93% of the dollars that went into the local casino came out of the local economy. In Atlantic City, 40% of the restaurants in the entire city closed within five years. In St. Louis, 89% of the restaurants in the vicinity of a five-minute walk of the casino went bankrupt within two years of the casino opening. This is the impact you're bringing to downtown Toronto, and you want to do it without a referendum, you want to do it with a quick decision, and you want to do it without a business case being presented to council or the Legislature. It's a bad idea.

Recently, New York state looked at restructuring its casino revenue streams, because casinos and gaming right across the continent are in a free fall and they're all going bankrupt. Mayor Bloomberg and Governor Cuomo came to the conclusion that Manhattan in New York City

was the absolute last place you'd put a casino if economic development was the goal. So they have forbidden a casino in the major city there.

What's really interesting, though, is when you Google "casino debt": You'd expect to get the social impacts; you don't. What you get is the reason why this conversation is happening. Do it; what you find is that every major casino player—especially the ones who have been up here promising \$1 billion and 10,000 jobs—is in a free fall. If you're about to remodel your business structure on taxing the bets instead of running the casinos, which is a good idea considering casinos are going bankrupt, what happens when those casinos go bankrupt? Do the 10,000 jobs stay, if there are 10,000 jobs? No, they disappear. So you'll have gutted the restaurant and bar industry in Toronto; you'll have gutted the horse racing industry in Toronto; then, within about five or six years, which is the typical lifespan of a casino, the casino will disappear as well. Then where are you? Then what have you got left on your hands? It's not a good bet.

The other thing you can do for fun is Google "no casino." What you'll find is that municipality after municipality across the continent are currently holding referendums on casinos, and casinos are losing every single time. They lose because of the traffic impact, the business impact, the social impact, the crime stats, you name it. The arguments just flood into the cities, and the casino industry loses. It's why the casino industry has pushed the OLG and pushed the provincial government to have no referendum. They don't win referendums.

Finally, there is residual evidence, and it's contained in the letter that I sent to my residents—there is a great deal of evidence about what happens to crime in cities where casinos arrive. It's not the usual talk about prostitution and street crime, although those go up. Atlantic City rarely got into the top 40 or top 50 high-crime cities in the United States before the casino; it hasn't been out of the top five since it arrived. You only have to look at the tragedy that recently unfolded with two Scarborough women who were stabbed outside the casino, robbed. While a lot of emphasis has been placed on the mental health condition of the patient involved, his previous address was Las Vegas. What was really interesting was reading the articles in the Atlantic City papers that said, "Why would anybody be on that street outside the casino? There are no shops or restaurants; there's nothing there but parking garages." MGM has confirmed that that actually is the principal physical characteristic of a casino: one parking spot for every slot machine.

In conclusion, the planning arguments and the economic impact arguments alone should tell you to go very slow on this and to make sure that municipalities have the time and the space they need to consult with their residents and their businesses and their tourism industry before any quick decision is made. There has been a referendum in Toronto. To overturn a referendum, I think you need a referendum. I don't think referendums are a great idea for government, but I think in this case it's one of those issues that lends itself to it.

I can't emphasize enough, in conclusion, full disclosure. Where are the background studies from OLG? Why are they not in front of you? Why did the board change the findings and the recommendations in the background studies and is pursuing the resort and single-destination model in the GTA instead of the strategy outlined in the report that started the restructuring of the revenue stream?

As well, another motion got on to the floor of a committee at council recently about bingo parlours in Toronto and the talk of electronic bingo machines at bingo parlours. Do yourself another favour with Google: Google "bingo machine" and "image" and tell me if you don't come up with a slot machine. The OLG is not talking about a single destination in Toronto; they are talking about displacing the slot machines at Woodbine, putting them in bingo parlours right across the city, putting a major gambling facility probably on the waterfront on the most expensive real estate in Canada, and are doing it with a gun to the head of the city council. It's wrong.

There's one other thing that's starting to happen. As the industry starts to roll through town—and there have been some job increases with lobbyists getting extra contracts—one of the things that Paul Godfrey, the chair of the OLG, has been telling the hotel and restaurant association is, "If you support the major casino, I'll get you slot machines in hotels." Where is that in the OLG business plan?

Please, please slow this down and get the facts.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much for your presentation today and coming in support of Bill 76. Just a quick history: It passed second reading in the Legislature 57 to 19, supported by the PCs and the NDP, seven Liberals, as well, supported it, including a cabinet minister, Jim Bradley; the whip, Jeff Leal, and five other high-profile Liberals, including Donna Cansfield.

I just wondered, in your opinion, why—

The Chair (Mr. Bob Delaney): I'm just going to have to remind you, you can refer to members by their riding name but not by name.

Mr. Monte McNaughton: Okay; thank you very much. Why the sneaky regulation change, do you think, a couple of weeks ago by the Minister of Finance and the Premier trying to stop referendums? What do you think the thinking is?

Mr. Adam Vaughan: I think casinos are in a free fall. I think border casinos have faced competition from other border casinos. I think that the resort casinos are starting to see their numbers dwindle. Casinos tend to bankrupt a demographic and then fall into this economic downward spiral very quickly. I think there's a need at the provincial, federal and city level to get restructured finances in place quickly, so slowing it down is a bad idea. Speeding it up is a good idea when you've got the facts and you're confident that the economic impact is going to be a good one. When you're gambling with the province's future, it's a bad idea.

Not being a member of any of your political parties—which has probably left me in enemy status with all and friendship with all—what I am happy to see is that a minority Parliament is seized with this issue. I ask you to go back to your communities, stand with your communities, ask them whether or not they think it's a good or a bad idea, and then cast your ballot on conscience. This is one of those issues. It's like the smoking issue. It's not an issue of economics alone or social impact alone or crime stats alone, or even revenue to the government alone. It's a very complex issue, and to do it quickly without consultation and to do it with billion-dollar dreams and golden miles dancing in your eyes is just the wrong way to pursue public policy. The impacts are too devastating to do it quickly.

The Chair (Mr. Bob Delaney): Thank you. Mr. Prue?

Mr. Michael Prue: The government of Ontario, the Liberals, have pre-empted much of this discussion by, first of all, attacking the horse industry, by removing the monies that they shared from the slot machines. We've already seen some of them shut down. I'm particularly worried about Woodbine, which is the largest facility in Ontario, and what impact a casino would have—if you could expand a little on your thoughts on that.

Mr. Adam Vaughan: There are often these parallel arguments that crop up when you talk about casinos: "If casinos are bad, why is horse racing good?" I'm not going to get into that. My grandmother raised my mother at a racetrack, and I'm named after a horse owner. Our family has had its share of bets placed at a racetrack. But there are different things about racetracks that I think need to be taken into consideration, and I don't think they've been sensitively addressed in the speed to approve.

0930

One is that they close. There's often a reference made to alcohol being a dangerous substance and "Why aren't you as puritan about that?" It's against the law to serve a drunk; it's not against the law to take a bet from an addicted gambler. One of the things that the racetrack industry does much better than casinos is manage its addicted gamblers, and that's an interesting difference.

But you can also work at the race industry, and there are industries tied to it. The agricultural industry and others are tied to it. That is a very different model than simply casinos, and it flows from a different culture than casinos flow from.

But I don't think that the impact on the racetracks was properly measured so much as getting slot machines closer to gamblers was seen as a priority. I think the government is probably trying to figure out how to do a rethink on Woodbine, and perhaps that's why Mr. Godfrey is running around and saying, "Other slot machines will be handed out." Wink, wink, nudge, nudge. "Get the casino in place first."

But I think that there just hasn't been a real think-through on this.

The Chair (Mr. Bob Delaney): I'm going to have to stop you there and move to the government. Mr. Colle.

Mr. Mike Colle: Thank you, Mr. Vaughan. I remember you being here during that attempt to stop the forced amalgamations of Chatham-Kent, Toronto, Ottawa—

Mr. Adam Vaughan: It goes on and on.

Mr. Mike Colle: —but they did it anyway, no matter whether there was a referendum or not.

Mr. Adam Vaughan: I think we all thought that was unprincipled.

Mr. Mike Colle: No, it certainly was. It certainly was. The question I have—I wasn't going to bite on—

Mr. Michael Prue: Isn't this?

Mr. Mike Colle: I wasn't going to bite on Woodbine, but Woodbine is a casino. How many slots have you got in there? I mean, 2,500 slots, and you've got people betting on races. I don't understand how you can say, "Well, Woodbine, we're pure because horses run around and chase each other."

Mr. Adam Vaughan: I don't think Woodbine is pure. I don't think that the slot machine industry and the electronic gaming industry is one that has a great deal of social value. That being said, it's been legalized, it's there, it's being used to support a vulnerable industry, and in that case it has gone through a process and it's established. That being said, the way in which this process is being changed, the way in which this industry is being reformed, recast and forecast for large urban areas, there has been little consultation with the urban areas and there has been little consultation with the horse racing industry. There is no rush to make these changes.

Mr. Mike Colle: I don't disagree. I guess, in terms of a comprehensive process, you talk about the referendum. We know what the outcome of most referendums would be. If we had a referendum on casinos, people are going to say no—

The Chair (Mr. Bob Delaney): Mr. Colle, I'm going to have to shut you down there. Mr. Vaughan, do you want to sum up in a few seconds?

Mr. Mike Colle: Arbitrary Chair here.

Mr. Adam Vaughan: I think I know where he was going with that question. I'll look for a nod if I'm on the right track. I understand that the provincial government has the ability to either ignore, enact or follow the results of a referendum. That's your prerogative as an elected official. We delegate authority to you through the electoral process. What we're asking is to not delegate this particular issue.

Mr. Mike Colle: That's not where I was going. I was saying, if—

The Chair (Mr. Bob Delaney): Okay, that's enough. *Interjections.*

The Chair (Mr. Bob Delaney): Order.

Mr. Adam Vaughan: Fair enough. If there is a willing host—

Interjections.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, order.

Interjection.

The Chair (Mr. Bob Delaney): Mr. Colle, you're out of order. Mr. Vaughan, thank you very much for having come in and providing your insight—

Interjection.

The Chair (Mr. Bob Delaney): Mr. Colle.

Thank you very much for having come to provide your insight.

Our business here is concluded. This committee is adjourned.

The committee adjourned at 0935.

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First Session, 40th Parliament

**Assemblée législative
de l'Ontario**
Première session, 40^e législature

**Official Report
of Debates
(Hansard)**

**Journal
des débats
(Hansard)**

Wednesday 6 June 2012

Mercredi 6 juin 2012

**Standing Committee on
Finance and Economic Affairs**

**Comité permanent des finances
et des affaires économiques**

**Strong Action for Ontario Act
(Budget Measures), 2012**

**Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)**



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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Wednesday 6 June 2012

Mercredi 6 juin 2012

The committee met at 0901 in room 230.

The Chair (Mr. Bob Delaney): Good morning, everybody. We are here to consider—

Mr. Peter Shurman: Bill 55.

The Chair (Mr. Bob Delaney): Bill 55—thank you, Mr. Shurman—An Act to implement Budget measures and to enact and amend various Acts.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Our first order of business is the subcommittee report. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Chair. Good morning, and good morning to the members of the committee.

Chair, your subcommittee met on Friday, June 1, 2012, and Monday, June 4, 2012, to consider the method of proceeding on the order of the House dated May 31, 2012, in relation to Bill 55, An Act to implement Budget measures and to enact and amend various Acts, and recommends the following:

(1) That the Ombudsman be invited as the first witness or whenever he is available and be given 15 minutes for a presentation, followed by five minutes per caucus for questions.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on Bill 55 on the Ontario parliamentary channel, the Legislative Assembly website and the CNW NewsWire service prior to the adoption of the subcommittee report.

(3) That the committee clerk, in consultation with the Chair, place one advertisement regarding public hearings on Bill 55 during the week of June 4, 2012, for one day only, in the Toronto Star and the Globe and Mail and Le Droit, prior to the adoption of the subcommittee report.

(4) That interested parties who wish to be considered to make an oral presentation on Bill 55 contact the committee clerk by 5 p.m. on Friday, June 8, 2012.

(5) That members of the subcommittee meet on Monday, June 4, and Monday, June 11 to prioritize lists of witnesses to be scheduled. The witnesses will be selected from the list of requests to appear provided by the committee clerk.

(6) That groups and individuals be offered 10 minutes for their presentations, followed by up to five minutes for questions by committee members.

(7) That the deadline for written submissions be 12 noon on Tuesday, June 12, 2012.

(8) That the committee clerk be authorized to schedule all witnesses on the list of requests to appear provided to members of the subcommittee on June 4, 2012, for Wednesday, June 6, Thursday, June 7 and Friday, June 8, 2012, if necessary.

(9) That members of the subcommittee meet on Thursday, June 7, 2012, to prioritize the subsequent list of requests to appear, to be provided by the committee clerk.

(10) That the committee recess for a half-hour for dinner on days that the committee is scheduled to sit until 9 p.m.

(11) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the subcommittee report to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Bob Delaney): Any discussion? All those in favour? Carried.

STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

TRILLIUM ENERGY ALLIANCE INC.

The Chair (Mr. Bob Delaney): Our first presentation today is Trillium Energy Alliance Inc. Jeff Mole, please come forward. You will have 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning. The questioning will be from the PC Party. Please state your name for Hansard and commence.

Mr. Jeff Mole: Thank you, Mr. Chair. My name is Jeff Mole and I am one of five founding directors of Trillium Energy Alliance Inc. I'm here today to speak in support of amending Bill 55 to invest in community energy. Trillium Energy is a community enterprise which helps mobilize Ontario communities and financial investments to create jobs and economic development in the

clean energy sector. We are innovators in the development of clean energy through a community enterprise corporate structure.

We started Trillium Energy Alliance in 2010 to give Ontarians a better way of developing clean energy opportunities. My colleagues and I recognized the need to provide greater community benefit and control in Ontario's open electricity market. We have created an innovative business model to accomplish this. We call it "the" alternative energy model. I have spent the better part of the past six years developing the model, consulting with government and industry experts and bringing this idea to market. I developed this model without the expectation of financial gain. As a result, I was nominated for a Community Power leader award in 2011.

Let's start by saying that I attended this committee on April 21, 2011, to outline the challenges faced by communities in developing clean energy projects. Since that time, I have been lobbying unsuccessfully for a community energy act. Here we are, over a year later, and I am sad that for some reason we can't seem to bring forward a piece of legislation to enable communities to develop renewable energy projects for the benefit of communities. Instead, new electricity projects are focused almost exclusively on generating huge profits for corporations at the expense of the overburdened energy consumer.

Ontario is rich in opportunities to develop renewable energy projects using a community enterprise model, yet the province is poised to enter into hundreds of billions in long-term energy contracts for private electricity. Ontarians own these resources. Ontarians built and maintain the electricity grid. Ontarians would provide the cash flow through a power purchase scheme called a FIT contract, and Ontarians have to live with the environmental impacts of these projects. It makes no sense for Ontarians to hand over valuable crown land to private corporations for the benefit of absentee shareholders, yet it appears to be happening. Private electricity generation is not a good deal for Ontario. There is an alternative.

We propose creating 50 democratically controlled regional enterprises to assess local electricity generating opportunities in a transparent manner that respects everyone's opinion. This model helps ensure that sensible proposals can be considered within existing processes, with a view to providing maximum benefit to communities and Ontario as a whole.

The 2012 budget should recognize that community energy projects can provide a wide range of social, economic and environmental benefits. The budget should be amended to make strategic investments to help communities build capacity and mobilize. Otherwise, absentee corporations may continue taking control of local opportunities and siphoning these benefits out of communities.

On page 15 of the Feed-in Tariff review completed in 2012, it was noted that "active participation of communities is important to the continued success of the FIT program," and that renewable energy projects provide "positive financial returns for the community, as well as

additional local benefits." The report also notes, "However, most local community and aboriginal projects require more time to mobilize."

We have been trying to meet with the Minister of Energy in regard to this but to no avail. So far, officials from the Ministry of Energy and the Ontario Power Authority have been silent in response to our requests for strategic investments in this area.

We believe that a strategic investment in mobilizing communities for energy generation would be supported by the majority of MPPs because it's the right thing to do and it just makes sense. We are concerned that this initiative is being caught in the partisan crossfire at Queen's Park and is being muzzled by corporate influence and greed. You are here to represent your constituents, not corporate lobbyists.

I am here today to ask for an amendment to the budget. We propose amending the budget to invest \$2 million in Trillium Energy Alliance to fund our initiative to expand a province-wide network of democratically controlled regional community enterprises for electricity generation. Funds would be used to mobilize citizens and pay regulated fees to the province.

Fund a community energy loan program" On page 49 of the budget papers, the government states: "The Aboriginal Loan Guarantee Program (ALGP) continues to facilitate opportunities for aboriginal participation in the energy sector. The ALGP has received applications for loan guarantee requests that are expected to bring over 600 MW of clean renewable power to Ontarians, while providing First Nations communities with a source of jobs and income for years to come." Yet there is no comparable program to enable local communities to participate in the energy sector.

We propose an amendment that would give community enterprises for electricity generation the opportunity and access to capital to assess and develop local clean energy opportunities for community benefit. This includes soft cost and capital cost community energy loan guarantee programs.

0910

Omnibus measures: We are concerned with the trend by governments to use budgets as omnibus bills to impose legislation that has very little, if anything, to do with budget measures. We saw it last year when the province imposed hospital secrecy measures. We are also seeing it at the federal level, with the removal of federal environmental protections.

On page 92 of the budget papers, the government is proposing amendments to the Lakes and Rivers Improvement Act that would give the Minister of Natural Resources specific powers that are currently subject to public consultation. These measures could be seen as an affront to democracy and environmental oversight.

We are concerned that the government is not doing enough to protect our crown land and waterfalls for future generations. Specifically, it is not sustainable to allow private development of these sites for energy projects, since this impairs the ability of future generations to enjoy the economic benefit of these opportunities.

Ontario's natural wealth is being extracted by this government. We are concerned that there is too much emphasis being placed on attracting private sector investment. In so doing, we are giving away the store. Currently, 87 public waterfalls are being indiscriminately handed over to a handful of well-connected developers. Energy consumers will pay these developers over \$10 billion to buy back this energy. This misuse of public trust makes the Ornge air ambulance boondoggle look like a farce. It is tragic that the water power site release policy has been under review since 2009. The minister's decision is long overdue, yet these 87 projects move through the approvals process with little regard given for their economic impact on Ontario.

The Chair (Mr. Bob Delaney): Just to advise you, you have about a minute left.

Mr. Jeff Mole: This is a concern because omnibus measures would strip away the public's right to comment on these decisions.

We propose declaring that June 6, or some other day, be named Sir Adam Beck Day in recognition of the significant benefits of public power in Ontario.

Finally, we propose amending the Electricity Act and other policies to prioritize all remaining grid capacity for community enterprise projects and/or public utilities.

In closing, let me state that community enterprises can help reduce the social friction associated with wind, solar and water power projects by providing a vehicle for economic benefit along with a structure for local control and local decision-making.

Communities can do well by generating and selling electricity to the provincial power authority through the FIT program. Our model ensures that any surplus revenues are reinvested in education, health, environment, job creation and other community programs.

There is more. It's included in my written submission. Hopefully, we can add that to the Hansard. Thank you.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Shurman.

Mr. Peter Shurman: Thank you, Mr. Mole. I think you know that our party is on the same side as you when it comes to the efficacy of the Feed-in Tariff program as it exists and is defined by the government of the day. However, your approach to the delivery of energy in the province is not necessarily a new approach. If we go back 100 or so years, community enterprises are what created the origins of what today is a monster grid that runs top-down. There are many ways to deliver effectively distributed energy. Yours is one; it deals with community. Why do you think that there should be seed money coming from the public purse to get that started? If communities wanted to make this approach, obviously they could raise the money themselves. Two million dollars, in the overall scheme of things, is not a lot of money.

Mr. Jeff Mole: I think you're mistaken. The community enterprises of the past were generally municipally owned generation companies. Municipalities are not agile enough to be in this business. There's a lot of political

and financial risk involved in being in this business, and municipalities are not in that game.

The \$2 million I'm talking about is the seed money just to incorporate, mobilize and recruit members of the public to form 50 regional companies. That's basically \$40,000 per region—not an awful lot to invest in bringing what your party wants to do, which is local control, local decisions and, we happen to say, local benefit.

We need this investment to get Ontarians mobilized. There are billions more in investment needed from the private sector to get projects out of the ground. We need access to that capital. We're not asking the government to give us a handout or to subsidize us in any way. We're asking the province to say that this is a strategic investment so sensible projects can go forward for the benefit of communities, so that communities have access to capital, because let's face it, these are start-up companies that have no wherewithal. All they have is a bunch of community people who are interested in doing the right thing.

Mr. Peter Shurman: What informs your view that there are 50 organizations in the bud that really want to do this? Or is it simply your view?

Mr. Jeff Mole: I've been at this for the better part of six years. It is quite easy to mobilize communities if you give them the tools that they need. They need to have a road map. What you propose, if not to do this, would be to just let people willy-nilly get together without a strategic business model to follow and hope they do the right thing. What we're saying is, we've studied this. We know how to put this all together. I've done this in Muskoka. We created an enterprise, and all we need is some help to go out and mobilize people and financial resources. It has to be done through a corporate structure. Communities don't just sort of come together without that corporate structure.

Mr. Peter Shurman: Thank you very much, Mr. Mole. No more questions.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation today.

MR. JOHN STAPLETON

The Chair (Mr. Bob Delaney): Our next presenter is John Stapleton. Good morning, Mr. Stapleton. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Please state your name for Hansard and commence.

Mr. John Stapleton: My name is John Stapleton. I'm speaking to you today as a private citizen. I have a small social policy consultancy here in Toronto. To the members of the standing committee, thank you for allowing me to speak to Bill 55.

I know that members are aware that the Ontario social assistance review will be reporting back in the near future to the government. Likely they will be calling on the government to increase the level of income to recipients; one expects that. But my first purpose in speaking today

will be to call for amendments to schedule 66 of the budget bill, which is near the end of the bill, to allow additional payments to be made to low-income single people through the tax system.

My second purpose is to take the opportunity to inform the standing committee just how far single people receiving Ontario Works, which is our welfare program, have fallen behind. In 2012, first of all, three years following the greatest recession since the Great Depression, 1.1% of Ontarians—that's 157,000 single men and single women—received social assistance in Ontario, in February 2012. That's three SkyDomes, or three Rogers Centres, full of people, just to give you the picture. The number of single people receiving Ontario Works has increased by over 65% from 95,000 at the turn of the millennium to 157,000 now, and you may get many more if the government continues to pull the plug on the horse racing industry.

Ontario's single social assistance rate from Ontario Works was increased to \$599 a month in December 2011, with \$227 allocated by regulation to basic needs. But the minimum monthly cost of a nutritional food basket requiring secure, energy-efficient and affordable storage, freezing, refrigeration and cooking facilities, which people often don't have, is \$270. That's the minimum. Ontario's social assistance rate, you should know, was \$663 a month in 1993. If adjusted for inflation since 1993, the single rate would now stand at \$942 a month, \$343 per month more than in 2012. So—and wait for it—it would take a 57% rate increase to equal the single rate that was paid in 1993, and the budget accord would raise that single rate to just \$605 a month.

If we think about incentives, the social assistance single rate now stands at 36% of full-time minimum wages at \$10.25 an hour. That ratio of 36% is the same as in 1937, when minimum wages were first legislated at the behest of Minister David Croll in the Liberal government of the time. In 1993, the social assistance single rate stood at 60% of full-time minimum wages at \$6.35 an hour.

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In 1995, the Harris government cut the single rate by 21.6% to \$520 a month. This \$520 rate was not adjusted in the next eight years by Mr. Harris or Mr. Eves, and if adjusted to inflation, the \$520 would have risen to \$614 a month then, an 18% increase. The McGuinty government inherited the \$520 single rate and it has raised it several times to \$599 a month, an aggregate increase of 15.2%, but had the \$520 rate been adjusted to inflation since 2003, it would now stand at \$613 a month. In other words, the single rate, even though it had been reduced to \$520 and stayed there for eight years, has still eroded to inflation since that time. It would take an additional 2.3% increase to raise rates to where they were in 2003. The current \$599-a-month rate, in real terms, is \$225 a month less than it was following the cuts in October 1995.

Here's the pitch: Given the difficulty that successive governments have experienced keeping rates in line with inflation, I recommend that changes be made to schedule 66 of the budget bill to make the token adjustment

needed to raise the overall income of a needy single person by just \$7 a month, if only to ensure that the overall income of single social assistance recipients retains the same buying power of the \$520 a month that was paid in 2003. I have enclosed a chart that shows you the overall incomes of social assistance recipients of various family sizes, and will point out to you that the single person only receives additional money, other than social assistance, of \$73.75 a month, much less than what a lone parent or a family with children would receive.

Thank you very much for your time and attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Prue?

Mr. Michael Prue: Yes, thank you very much, Mr. Stapleton. This is really quite detailed, but I want to get down to the bottom line for the government in terms of the budget. A \$7 increase per month for social assistance recipients, given the numbers: How many millions of dollars would that add to the budget?

Mr. John Stapleton: A 1% increase overall for single people would probably be about \$40 million.

Mr. Michael Prue: For \$40 million, that would take it, in your estimation, up to the level that social assistance recipients had in 2003, which would have been at the time of the Harris cuts?

Mr. John Stapleton: Yes, the cuts were in 1995, and then it was allowed to erode to inflation for eight more years. That rate stood at \$520 in 2003, and has since eroded to inflation. I am just calling for an increase that would bring it back up to what it had eroded to, recognizing the government's fiscal situation.

Mr. Michael Prue: Now the more difficult part: Where would you think the government would find this money? Just to give you an example: I have often talked about the uselessness of EQAO testing and how you could save \$51 million and put it into the education system. You have to come up with something; you have to tell us where you're going to find the money.

Mr. John Stapleton: Well, I think in terms of increased taxation it would be one place to do it, through increased income taxes, especially on people who have enough. I could certainly bear an increase that would allow us to pay for it.

Mr. Michael Prue: I don't know that that's going to be possible, but the government did agree to the NDP condition that people over \$500,000 a year pay an additional very small amount that would raise some \$470 million. Would you suggest that it might come out of there?

Mr. John Stapleton: Certainly it's a good place to start.

Mr. Michael Prue: Those would be my questions. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for your presentation here today.

Mr. John Stapleton: Thank you.

LONDON HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation will come from the London Health Coalition, Peter

Bergmanis. Good morning and welcome. You'll have 10 minutes for your presentation today, followed by up to five minutes of questioning. This round of questioning will come from the government. Please begin by stating your name for Hansard, and commence.

Mr. Peter Bergmanis: Thank you very much, Mr. Chair. My name is Peter Bergmanis. I'm the co-chair of the London Health Coalition in London, Ontario. I am also in the company of my two other co-chairs, Jeff Hanks and Shirley Schuurman, here today.

As you can tell from the outset in the cover letter that I've provided here, the cover page, we are all about health care and that's the advocacy group that we're about. We are probably the vanguard group today with respect to—there will be other coalition chapters appearing before the finance committee and there will be the Ontario Health Coalition, which is the umbrella group, probably making a submission as well down the road. So you'll be hearing this message time and time again.

I will also point out that the date of submission here is actually June 6 and not June 7. Just a correction there.

Health care is consistently featured in the media, often luridly highlighted by scandals, reports of excessive executive salaries, administrative waste and seemingly endless budgetary demands.

The forces promoting such crisis rhetoric about the sustainability of medicare are almost exclusively vested interests within the private, for-profit health care industry. In Ontario's case, the for-profit pundits and the politicians they finance make great political hay of health care eating up an ever-larger portion of the provincial budget. Of course, their solution is to introduce more market-driven principles into the public sphere, the very same schemes which create unsustainable cost pressures on health care.

In truth, Ontario's spending on a per-person basis is lower than almost all of the rest of the nation. Because total provincial expenditure is shrinking, health care appears to be higher in relation to the rest of the budget.

So if health care is not responsible for gobbling up a bigger slice of the province's pie, what is? We firmly suggest that it is uncontrolled tax cuts.

For over 30 years, wealthy corporations and individuals have been pressuring successive governments for so called "tax relief." The unrelenting pressure by the rich to excuse themselves from paying their fair share for social programs like universal medicare has pushed the Ontario government to create a more regressive tax regime. By prioritizing the transfer of wealth—tax cuts to the rich—over access to needed care and other public services, approximately \$18 billion is annually lost to provincial coffers.

Since 1995, Ontario has engaged in the most aggressive tax cuts of any jurisdiction in Canada. The yearly loss of revenue to the public purse resulting from this obscene obsession with the incessant demands of the wealthy few accounts for more money than Ontario's entire provincial deficit. Social justice advocacy group Canadians for Tax Fairness reports that the wealthiest 1%

of the population now pays a smaller percentage of their income in taxes than any other income group, including the poorest 10%.

The results are clear. After more than a decade of hospital restructuring and cuts, Ontario has the fewest hospital beds per person of anywhere in the country. In London, there are approximately half the acute-care beds that existed 20 years ago. Hospitals are running at an average occupancy rate of 98%, a level of patient overcrowding unheard of in the industrialized world. This has translated into overflowing emergency departments, patients forced to lie on stretchers days at a time until a bed opens, ambulance paramedics paralyzed from performing more pressing duties while waiting to off-load patients, and surgeries and clinical procedures being cancelled because there are no available hospital beds.

The latest provincial budgetary dreadnought to threaten publicly provided services is schedule 28 to Bill 55, the Government Services and Service Providers Act, 2012. Media reports have almost exclusively focused on the notion that the act is exclusively limited to Service-Ontario. In fact, respected legal opinion provided by Sack Goldblatt Mitchell LLP raises the alarm that the government services act subjects virtually all government services, inclusive of broader public services provided by hospitals, to the rigours of potential privatization. Without any requirement for accountability or transparency, the authority of cabinet and the minister under the act is paramount, superseding other provincial laws and policy objectives. In light of Ontario's obligations under international investment and services agreements, the opportunity for wholesale sell-off of hospital services would be possible.

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The scope of medicare is seriously being threatened and eroded. Lengthy wait-lists have become the norm as acute care and longer-term care have been rationed, rehab services severely cut and mental health grossly under-resourced. According to the Ministry of Health and Long-Term Care's most recent data, there already exist 2,251 people awaiting long-term-care beds within the geographic boundaries of the South West LHIN. The median time for a placement is 264 days. That means that half the people waiting are waiting for nine months or more for placement.

Bill 55 will only exacerbate an already intolerable situation and will encourage bottom-line-minded hospital executives to contract out even more hospital services. The London Health Coalition calls upon the government to completely scrap schedule 28 of the bill.

The people of Ontario need health care, not wealth care; prosperity, not austerity. Restoring our government's fiscal capacity to properly fund social programs will place Ontario back on track to a healthy recovery.

Cancellation of reckless corporate tax cuts and employer health tax loopholes would create a sounder financial footing, more capable of sustaining public health care than privatization schemes or vicious attacks upon public sector unions and their members' collective agreements.

Illustrative of this would be the elimination of the exemption from paying the EHT for employers with payrolls under \$600,000. The EHT substituted for the Ontario health insurance premium. It is the contribution expected of Ontario employers in exchange for the substantial competitive benefit they enjoy due to the existence of public medicare in the province.

As citizens of a democracy, we must hold our politicians to account. If our political leaders support wealth transfer to the rich as the highest form of political good, then they do not deserve the support of citizens worried about the sustainability of Ontario's publicly funded and delivered, universally accessible health care system.

I submit my report, and thank you.

The Chair (Mr. Bob Delaney): And thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, sir, for coming today to the committee. I wanted to ask you a few questions. You've probably had the opportunity to study and look at the Minister of Health's action plan on transforming health care, where she places significant focus on providing more front-line care in our community setting, especially for our seniors when it comes to providing home care. Can you share your views on that kind of strategy in terms of a better delivery of health care right in the community where it's needed the most?

Mr. Peter Bergmanis: I support Minister Matthews in the sense that there are community efforts being applied, but our concern is that, as I pointed out with this brief, if there's a loophole for providing it through the private sector—and long-term care is actually over 50% provided in the long-term-care industry. Private, for-profit delivery is usually corruptible because there is a profit motive involved. We've certainly seen scandals, and I won't even go into all of the scandals that have emerged.

Our concern is how it's delivered. If the minister is very interested in providing better service for long-term care, then we should be getting access to more publicly funded, properly resourced long-term-care facilities.

Mr. Yasir Naqvi: I think the minister will agree with you to a large extent because her action plan clearly talks about not-for-profit delivery of home care within the community setting.

I also wanted to hear your views about the changes to doctors' fees that the government recently announced, which will save roughly around, this year, about \$338.3 million, money that could be reinvested back in our community in front-line care. What's the view of your coalition in regard to those changes?

Mr. Peter Bergmanis: I will express not necessarily on behalf of the coalition but from the viewpoint of, I am myself a health care provider on the front lines, and my co-workers and such forth are still rather puzzled as to: How does cutting the fee schedules of the physicians translate into better care that will be provided within the community? It does not necessarily equate that \$300 million—I believe that's the quote, right? The \$300 million does not necessarily mean that that automatically trans-

fers out into better trauma care, better emergency services or anything of the like. And we don't like the fact that if the physician group is going to challenge this, which I understand they will be, then there is, again, more antagonism instead of the kind of collective collaboration that the health system requires so that we can properly provide for patients.

Mr. Yasir Naqvi: Well, I think the minister is working very closely with doctors' groups and looking to find ways where we can find better dollar resources to invest in our health care system.

Last question, quickly: Do you support freezing the base pay for hospital executives, as is contemplated in the budget?

Mr. Peter Bergmanis: We certainly do.

Mr. Yasir Naqvi: Great. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation here today.

MR. JOHN SEWELL

The Chair (Mr. Bob Delaney): Our next deputation is from John Sewell. Mr. Sewell, please come forward. Good morning, Mr. Sewell.

Mr. John Sewell: Good morning. Thank you very much, members of the committee.

The Chair (Mr. Bob Delaney): Welcome back to Queen's Park.

Mr. John Sewell: Thank you. I'm very pleased to be here.

The Chair (Mr. Bob Delaney): As you've probably heard, you'll have 10 minutes for your deputation, followed by up to five minutes of questioning. This round of questioning will come from the PC Party. Please state your name for Hansard and commence.

Mr. John Sewell: Thank you for the opportunity of making this presentation on Bill 55.

I believe that apart from putting provincial finances on a solid footing, the critical issue in the budget is the need to create an Ontario where there is more economic equality. Budgets are documents which express deep beliefs about the nature and future of society, and they outline ways in which those beliefs are implemented. This budget seems to express only one idea; namely, that government expenditures must be reduced to restore financial health. In my opinion, that's not good enough.

The Legislature needs to adopt a budget and an agenda that creates more economic equality in society. In the last three decades, economic inequality has increased in Ontario. Those with the greatest wealth have increased that wealth; those with the least have lost out. We need to change that direction.

There are three key reasons why a more equal society is the best goal we can set for Ontario. First, a more equal society represents a fairer society for everyone. I suspect there is not a single member of the Legislature who would suggest that a less fair society is better than one that is more fair. Democracy urges fairness among members of society, and fairness requires sharing our wealth

in a reasonable fashion. We need policies and programs which strive to achieve more economic equality than we now have.

Second, a more equal society shows better social outcomes. The data for that is in the extraordinary book *The Spirit Level: Why Equality is Better for Everyone*. If you haven't seen that book, I commend it to you. It's absolutely surprising, the data which shows that, in fact, the more equal a society you have, the better off everyone is, the rich as well as the poor. The data supporting this is summarized in a chart that I think came around with my brief. It's part of a document that a group I'm involved with has put out. The chart shows the more equal societies at the bottom and the less equal societies at the top. As we know, Britain and the United States are less equal than most other countries in the western world. The social outcomes in those are much worse than in those that are more equal. Canada is about in the middle.

Quite simply, people in more equal societies are far less likely to experience mental illness, are less likely to use illegal drugs, are less likely to be in prison. Homicide rates are lower; children do better at school; a smaller proportion of children die in infancy; children experience less violence; and there are fewer teenage mothers. It's really extraordinary. The more equal a society you get, the fewer social problems you have. So the third reason for creating a more equal society is that it entails lower government expenditures.

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What changes can be made to Bill 55 to begin to move in this direction? Given my time, I'm only suggesting two changes, but I think both of them are worth considering. First, amend schedule 67. That's the schedule that deals with the Taxpayer Protection Act. Schedule 67 proposes to exempt the corporate rate of taxation, and I assume it will also include the amendment to increase income tax on those with incomes of more than half a million dollars a year. I suggest a larger exemption which says that any tax change that intends to increase income equality and decrease income inequality should be exempt from this legislation.

Added to that, I think the Legislature should agree to undertake a study that looks at revenue sources. The Drummond report only looked at expenditures, but we need something that's looking at revenue sources, including taxes and tax expenditures, in order to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. Extra income from a fairer tax rate can be used for programs addressing economic inequality. I suggest here that maybe this is the thing that Don Drummond should be asked to do as follow-up to the work he has already done.

The second schedule that I think should be amended is schedule 38. This one's a bit unusual, but it's the schedule that freezes the salaries of members of the Legislative Assembly. I think that to show a real, serious commitment to a more equal society, what you should be doing is calibrating the base salary of a member of the Legislature to the average income of those who are

receiving ODSP, Ontario Works and the minimum wage. If you look at what those people get in a year, it averages out to about \$15,000. An MLA, as a base salary, earns \$116,000 a year, which is about eight times as much.

To indicate our interest in reducing economic inequality, I think it's important to in fact start to calibrate those two things together and reduce this gap gradually, not in order to decrease the salaries of MLAs but in fact to increase the state of people at the bottom of society. I think you should adopt legislation which says that you're going to reduce that gap to seven times this year, six times next year and five times in 2014. It would be a really tangible way of saying, "We want to do something serious about economic inequality," because, in fact, the more we can reduce that inequality and get a more equal society, the better a society we're going to have for everyone.

There are the two changes I'm suggesting: a double-barrelled change to schedule 67 to expand the exemption to allow exemptions for anything intended to increase economic equality, and to authorize a study of revenue sources; and secondly, to amend schedule 38 with a real commitment to reducing economic inequality by calibrating your base salaries to those of people at the very bottom. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you very much, Mr. Sewell. Mr. Shurman.

Mr. Peter Shurman: Thank you, Mr. Sewell. I appreciate your presentation. I'm interested in getting a clearer definition of what "equality" means to you. In a perfect world, does everybody make the same amount of money?

Mr. John Sewell: No, not at all. What I'm trying to do is reduce inequality.

Mr. Peter Shurman: Please be more specific in your definition of what that means so I understand it better.

Mr. John Sewell: Terrific. What I would suggest—really, really simple—is I think it would be good if MLAs didn't get paid any more than five times the average amount that people at the very bottom of the system get paid.

Mr. Peter Shurman: I don't want to get into the issue of MPPs, because it sounds self-serving. But I will tell you this: Number one, contrary to what most people believe, we have no pension whatsoever; and the other thing is we have been frozen for three years already, and this budget freezes us for two more. I'm going to put an amendment forward, by the way—and I'll say it publicly here—that we not be recipients of any kind of raise unless and until the budget is balanced. Why don't you agree with that?

Mr. John Sewell: I don't think that's the issue. I don't think the issue is whether you have to balance a budget before you do something else. I agree that we need more revenue. I think we get that by looking at taxes and tax expenditures, but I think the key thing is making a real move to reduce the inequality that exists in society.

You must remember that when I grew up, when I went to school—university across the street there—the economic inequality in society was much, much less than it

is now. In fact, if you took the top 20% of society and compared them with the bottom 20% of society, you'd find that their incomes, the top, were only four to five times higher than those at the bottom. Now, it's more like eight or nine times higher. We've got to reduce that. That's the only way we're going to get a better society.

Mr. Peter Shurman: Interesting, because I think you and I grew up in the same times. I grew up in a relatively modest family; I could even say poor and not be stretching the point. At this point, I'm not a rich man but I'm not a poor one either. No risk, no reward. What do you think of that adage?

Mr. John Sewell: I'm not quarrelling with that at all. The problem is that if people don't have a reasonable amount of income, they don't have a good shot at actually doing interesting and useful things in life. I think we know that really clearly. So the more equality we can get, the better off everybody is going to be. The extraordinary data in *The Spirit Level* show, in country after country, that in fact the health of even the wealthiest people is better in societies that are more equal than it is in societies that are more unequal.

Mr. Peter Shurman: Last question: In accordance with the chart that you've provided us—and thank you for that—you have this list that's based ostensibly on somebody's statistics. Who or what has created this chart that gives us some level of credibility in the rankings?

Mr. John Sewell: That's a very useful and very important question. One of the things that they do in the book is they make it very clear that the data is not their own. The data is produced by the countries in which they're asking for various bits of data. So they have only analyzed the data, they have not created the data.

The data are very convincing. I strongly urge you—I think this is the coming issue in the next decade. It's going to wash over everyone because it has such extraordinary impacts. You really should look at the book; then you can make some decisions by yourself. But it is not their data; it's data from the countries to which they've gone.

One of the absolutely fascinating things is that if you look at the United States, which generally is the most unequal country in the Western world, the people who are better off are in those states that are actually more equal—the northeastern United States. It really is interesting. So it's not a cultural thing; it's literally an economic thing.

Mr. Peter Shurman: Mr. Sewell, thank you.

Mr. John Sewell: Thank you. I appreciate it.

The Chair (Mr. Bob Delaney): And thank you very much. It's good to see you again, Mr. Sewell. I hope you have a pleasant summer.

ONTARIO HORSE RACING INDUSTRY ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Horse Racing Industry Association, Vel Evans.

Ms. Vel Evans: Good morning, ladies and gentlemen.

The Chair (Mr. Bob Delaney): Good morning. Please state your name for Hansard before you begin. You'll have 10 minutes for your presentation, and this round of questioning will come from the NDP.

Ms. Vel Evans: I'm Vel Evans and I'm here to present the submission on behalf of the Ontario Horse Racing Industry Association. I believe you have copies of our submission or they are about to be distributed.

Specifically, the Ontario Horse Racing Industry Association, on behalf of the Ontario horse racing and breeding industry, would like to express our concerns about the 2012 Ontario budget, the Strong Action for Ontario Act. Our concerns with the 2012 Ontario budget document are related to the proposed modernizing of the Ontario Lottery and Gaming Corp. initiative and the projections for positive revenue impacts from this initiative in 2013-14 and future years. Core to the OLG projections for positive revenue impacts is the proposal to end the slots-at-racetracks program effective March 31, 2013.

There are three points that I'd like to speak to. The Ontario horse racing and breeding industry is very concerned that in the process of the OLG modernization approach the horse racing and breeding industry will be devastated, with significant losses to the province of Ontario in terms of jobs and economic contribution. The Ontario horse racing and breeding industry is concerned that the OLG proposal for modernizing gaming will not realize the contribution to the province of Ontario that has been proposed in the 2012 Ontario budget. We ask that the standing committee recommend that the proposed ending of the slots-at-racetracks program on March 31, 2013, as included in the 2012 Ontario budget document, should not go forward until such time as a detailed analysis of the economic impact of ending the program has been completed by a joint government-industry panel.

Specifically, our submission speaks to certain pages in the 2012 Ontario budget. On page 39, the budget document states, "The Ontario Lottery and Gaming Corp. estimates that its modernization initiatives will generate almost \$3 billion in new private capital investment over the next five years while decreasing the need for public sector investment...."

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On page 66, the 2012 Ontario budget document states, in table 1.7, "Impact of fiscal actions," a projection that revenues from the initiative to modernize the OLG will include reductions in revenues of \$100 million in fiscal 2012-13, net positive revenues of \$200 million in fiscal 2013-14, and net positive revenues of \$500 million in 2014-15, for a net three-year positive impact of \$600 million.

On page 98 of the 2012 budget document, it states, "Based on OLG's strategic business review, the government has directed it to modernize its operations. In doing so, OLG will maximize its return to government by increasing its revenues, becoming more efficient and broadening the role of the private sector in its oper-

ations..." It further speaks to the point that core to this initiative is the end of the slots-at-racetracks program on March 31, 2013.

On page 203, table 2.32 of the budget categorizes revenues to the horse racing industry under "Support for municipalities and Ontario First Nations." On page 204, the budget states, "Approximately 20% of gross revenue from slot machines at racetracks is used to support the horse racing industry."

The slots-at-racetracks program was the result of a negotiated agreement between the government of Ontario and the horse racing industry in the late 1990s. This happened at a time when there were very real concerns about extending gambling beyond racetracks and into Ontario communities. The solution was to establish slot machines at racetracks in Ontario, where there was already an instant customer base of gamblers, and existing buildings and capital infrastructure in place.

The agreement wasn't entered into lightly by the horse racing industry. The industry had very legitimate concerns that slot machines at the racetracks would cannibalize wagering on horse racing. But the agreement that was reached for revenue-sharing with the industry and host municipalities was intended to offset losses on wagering on horse racing while providing an instant customer base on which the OLG could build its business.

For more than 10 years, the slots-at-racetracks program has been a highly successful partnership. In the past 10 years, since 2001, the slots-at-racetracks program has delivered in excess of \$9 billion to the province of Ontario, and that's net of all commissions earned and all OLG expenses.

There are 17 racetracks across the province that are participating in the slots-at-racetracks program, so the economic benefits to this program are realized widely across the province. If you reference the graphic on page 3, you'll see an illustration of where the various tracks across the province are.

Racetracks that contracted with the OLG to participate in the slots-at-racetracks program provided the capital to upgrade the buildings and facilities to house the slots facilities; and the capital to expand these facilities at the tracks was sourced either from private investment funds or through interest-bearing loans advanced by the Ontario Lottery and Gaming Corp. that were in turn repaid to the lottery and gaming corporation through the racetracks' share of revenues from the program.

By way of example, in the first two years of the program, by 2001, more than \$319 million had been spent on both slot-related upgrades and upgrades to racing facilities for the initial five racetracks that were involved in the program in the first two years.

The share of the commissions as allocated to purses for horse racing has built Ontario into the best horse racing centre in North America. The number of licenses issued for people to participate in Ontario has grown by 22% from 1998, before the slots program, through to the 2008 period.

Of the 10,000 horse owners that have invested in the racing industry—10,000 in 2010—they have an average

of \$279,000 per owner invested in horses, tack and equipment, and horse-related property improvements to farms in Ontario. That's more than \$2.8 billion in private investment in rural Ontario.

In 2000, the breeding and racing of horses supported 31,000 person-years of employment. By 2010, employment supported by the industry had increased by 12.5%, to 34,800 person-years. So there's been an additional 4,000 full-time-equivalent jobs added over the decade between 2000 and 2010.

The Ontario racing and breeding industry generated more than \$2.1 billion in annual expenditures in 2010, and the majority of those expenditures are in the rural agricultural sector.

The slots-at-racetracks program has been a win-win program for both the province of Ontario and the racing and breeding industry. However, the racing industry has paid a price. The very early concerns that gambling on the slot machines at the racetrack sites would take away from or cannibalize gambling on the parimutuel wagering for horse racing have been a reality. If you look at the graphic on page 5 of the report, you'll see that in the period from 2002 through 2011 the percentage of purses that are being sourced from commissions on wagering on horse racing has steadily declined. The percentage of purses that has been sourced from commissions on the slots-at-racetracks program has steadily increased. So by 2010 fully 60% of the purses that are supporting the economic activity of the horse racing industry are being sourced from the commissions earned on the slots-at-racetracks program.

The two lead concerns with the proposal presented for the modernization initiative of the OLG and its abilities to potentially realize the net benefits to Ontario that are proposed in the 2012 budget—OHRFA, the Ontario Horse Racing Industry Association, reviewed OLG annual reports from 2002-03 through to 2009-10. At the time that this report was prepared, OLG annual reports for 2010-11 and 2011-12 were not publicly available. However, quarterly performance reports from the OLG are publicly available up to the third quarter of 2011-12. On this basis the following graphs show an indication as reported by publicly available annual reports from the OLG and estimations based on quarterly performance reports published by the OLG.

The slots-at-racetracks program has been a key revenue generator at the OLG since inception in 1999-2000. I would ask that you turn to the charts on pages 6 and 7 of the report—

The Chair (Mr. Bob Delaney): Just to remind you, you have about a minute left.

Ms. Vel Evans: What is obvious when we track what the revenue sources and the business lines are from the four OLG core business lines is that the slots-at-racetracks program is the primary revenue generator for the province of Ontario of the four key business lines in which the OLG is involved. It has consistently delivered positive revenues to the province, year over year, since inception.

Of interest, the resort casino business line is the line of business that has generated a dwindling amount of revenue to the province of Ontario and actually shows a net loss for operations in every year since 2006 through 2010. The loss from the resort casino business line was identified by the Auditor General in the report published in 2010.

I would speak to the graph on page 9, where the concern from the horse industry is that the proposal for the modernization initiative for the OLG is assuming that through the closure of a program that is currently delivering a net return to the province of Ontario of a billion dollars a year and providing purse funds through commissions to support the horse racing industry and 35,000 full-time jobs in the province of Ontario—the suggestion is to transfer to a program that will generate more of its revenues from resort casinos, a line of business that historically has been a loser for the OLG, and eliminate a program that has been highly profitable to the province of Ontario.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Prue.

Mr. Michael Prue: Actually, Ms. Forster.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: Thank you for your presentation. You mentioned early on that the budget states that the government is actually going to generate \$3 billion of new revenue with their new OLG model. Has the industry anticipated what revenues are actually going to be lost on the other side by discontinuing the slots?

Ms. Vel Evans: There's an expectation—in the current model, fully 60% of the purses that are the engine for the horse racing industry are generated from the commissions earned on the slots-at-racetracks program. If that were to be eliminated, if you were to immediately shrink the industry by 60% in one year, which is what's being proposed, you're looking at the potential impact of 60% of 34,800 full-time jobs, as well as immediately devaluing the significant investment that people have in horses, property improvements, young horses on the ground that were specifically bred to be active in the racing sector. So there would be a minimum 60% economic hit in one year, if it was strictly linear without any additional impact, and that would be jobs and devaluation of investment.

Ms. Cindy Forster: There are 34,800 full-time jobs?

Ms. Vel Evans: Equivalent full-time jobs.

Ms. Cindy Forster: Equivalent full-time jobs because we've heard the number 60,000 jobs. So that's the 60,000 jobs kind of compressed to FTEs?

Ms. Vel Evans: Correct.

Ms. Cindy Forster: I want to actually turn to the issue of consultation, because the government has certainly said that before they even moved forward with this idea to change the OLG model, there was significant consultation with the horse racing industry, as well as many other stakeholders in the province. Can you tell us anything about that?

Ms. Vel Evans: From OHRIA's experience, there were single-interview consultations with some organiza-

tions within the industry, but consultations were certainly not presented in the context of eliminating the program in a single year or analyzing the economic impact of that decision.

Ms. Cindy Forster: Has there been any consultation with the industry since the budget motion passed about a month ago?

Ms. Vel Evans: The industry has been very actively in discussions about the impact of this proposal, and what OHRIA is putting forward is a request to this committee that it recommend that the proposal to end the program on April 1, 2013, should not go forward until such time as there has been a thorough analysis of the impact, which includes both government and industry in the consultation.

Ms. Cindy Forster: You talked about 4,000 new jobs being created in this last decade.

Ms. Vel Evans: There have been 4,000 full-time equivalent jobs created in the decade, and I'd like to speak to the number around full-time equivalent. Because of the nature of the horse racing industry—the fact that it is a combination of an agricultural sector and an urban entertainment product—and because it is primarily farm-based with the production of animals, a very high percentage of the jobs in the industry are seasonal or part-time. From that perspective, there are significantly more individual people impacted by this decision than would necessarily be represented by the full-time equivalent jobs. However, the almost 35,000 full-time equivalent jobs in the industry is a very significant economic contributor to the province.

Ms. Cindy Forster: Thank you.

Mr. Michael Prue: I'm not shocked, but I'm really troubled by the two figures on page 8 and page 9 showing that resort casinos are actually a cash drain on Ontario, and I am appalled that we in the city of Toronto are being subjected to threats, you know, of "build a casino on the waterfront or lose it." Can you tell me, as an example: If the casino was built on the waterfront, what effect would it have on the horse racing industry at Woodbine Racetrack? I think you—

The Chair (Mr. Bob Delaney): You'll have to make this answer very brief.

Ms. Vel Evans: I would suggest that Woodbine Racetrack will be better capable to specifically address what the concerns and impacts will be for their single operation. What the industry clearly recognizes is that shifting the gambling or wagering customer to different sites away from the racetracks, if it can be achieved in a short period of time—if it can be achieved by April 1, 2013—will have a significant detrimental effect on the horse racing industry.

The concern put forward by OHRIA in this proposal is that the slots-at-racetracks program has been the most lucrative revenue generator of all the OLG business lines over the past decade, and the concept of eliminating that program to replace it with an expansion of a program that has been a net loss in terms of operations—we would suggest that the budget projections that are currently in the budget are not likely to be realized.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation. This concludes our presentations this morning. This committee stands in recess.

I would like to ask our three subcommittee members to stay behind for a brief moment to have a short meeting here.

We'll be back here in room 230 at 3 o'clock. We are now in recess.

The committee recessed from 1004 to 1500.

The Chair (Mr. Bob Delaney): Good afternoon, everyone. Welcome back. We are here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

COLLEGE EMPLOYER COUNCIL

The Chair (Mr. Bob Delaney): Our first presentation this afternoon is the College Employer Council, Don Sinclair, chief executive officer. Please sit down.

You'll have 10 minutes to complete your presentation, followed by up to five minutes of questioning. This round of questioning will come from the government. Please state your name for Hansard, and then commence.

Mr. Don Sinclair: Thank you. Good afternoon, committee members. My name is Don Sinclair, and I'm the chief executive officer of the College Employer Council. I appreciate the opportunity to address the committee on this important piece of legislation and, in particular, we're here to talk to you today about schedule 5 under Bill 55.

The council acts as the employer bargaining agent for Ontario's 24 community colleges and is a not-for-profit statutory corporation governed by the college board chairs and college presidents.

In addition to acting as the employer bargaining agent, the council is statutorily responsible for providing direction, research and counsel to the colleges and their respective boards on the compensation of administrative staff and college presidents.

We are here today to present to you our recommendations concerning amendments to schedule 5, which contemplate an additional two years' compensation restraint for designated executives.

The colleges, as with all broader public sector employers, have just been through two years of wage restraint. Colleges understand the structural financial deficit that currently exists in the province of Ontario. The Drummond report has illustrated the challenges we are facing in the foreseeable future. We are not here today to ask you to undo the wage freeze that is contemplated by the legislation but to request some amendments on behalf of the 24 publicly funded Ontario colleges.

As we understand it, the intent of the legislation is to place a wage freeze on executives. As drafted, this legislation goes further than that by defining "designated executives" by position title. By using defined titles, the legislation creates significant administrative and equity issues as titles don't necessarily align themselves with the executive structures of the colleges' organizational

reporting charts, and if I may dare say, it may not necessarily align itself with other employers in the broader public sector.

In examining section 7.3, it is clear that the designated executives include CEOs and boards of directors, along with positions in the executive suite or those who report directly to the head of a designated employer. However, below the executive level, the current wording of the legislation creates inequity within the college sector.

As an example, at certain colleges the chief information officer is not a member of the executive team and/or does not report directly to the head of the institution. In other colleges, the individual holding the position does sit on the executive team and is otherwise considered an executive member.

This legislation will create immediate inequity within the sector if staff is included strictly based on title when the title may or may not be part of the executive level, depending on individual college reporting structures. The current wording will result in unworkable inconsistencies within the colleges' compensation structures.

To include persons based on title rather than reporting structure will create significant challenges with respect to the administration and internal equity of compensation systems that BPS employers have invested significant resources in designing as part of their human resource strategy.

Another example of this issue is the inclusion of deans in the Ontario college sector. While this may be different in the university sector, deans in the college hierarchy are the front-line operational managers who are not part of the executive suite. Deans, along with other academic managers—for example, chairs and associate deans—are front-line, and the college leaders expect and rely on these people to effectively implement innovation and change strategies.

It is inequitable that these key managers be included in the legislation after already being subjected to two years of wage restraint when the faculty and support staff who report to them have continued to enjoy modest wage increases. This has resulted in wage compression and also challenges the colleges' ability to recruit and retain the calibre of candidates required for these positions. These positions are critical to ensuring the colleges are being operated effectively and efficiently.

We would request that the title of "deans" at the colleges be excluded from the legislation.

As previously identified, the wording in the current legislation presents a significant challenge and it is of note that affected BPS employers have already spent scarce public dollars to obtain legal opinions on how this piece of legislation is to be applied and operationalized in the workplace. To minimize potential inequity among administrative staff within the college sector, we have two alternate recommendations for the committee to consider.

One, the freeze should apply to actual executives, i.e., the board of directors, the head of the institution and direct reports to the head who earn in excess of \$100,000

annually; in other words, the legislation should be written based on an organization's structure.

However, if the intent is to affect more than just the executive suite, as mentioned above, then we would recommend, alternatively, an income threshold that affects all administrators rather than position titles. A threshold that could be considered is a wage freeze for anyone earning in excess of \$150,000 annually.

As the legislation is currently drafted, it is ambiguous and will create unnecessary and inequitable results in the BPS employers to which it applies.

We appreciate the opportunity to comment on this legislation, which will have a profound effect on the compensation practices within our sector, and trust that you will give serious consideration to our proposed changes.

I'm open to any questions through the Chair.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming down today. I have no questions for you. I want to thank you, one, for supporting the wage freeze because I think it's important in terms of the stated goal of the government to be able to balance in the next five years.

I very much appreciate the nuances as they relate to the college sector and some of the recommendations and the challenges of the legislation that you've highlighted and the suggestions you've provided. We'll work together to see if there are any solutions that could be found, so I appreciate that. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation here this afternoon.

NIAGARA HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation is from the Niagara Health Coalition, Suzanne Hotte, co-chair. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questions will be from the opposition. Please state your name for Hansard and begin.

Ms. Suzanne Hotte: Suzanne Hotte. I'm with the Niagara Health Coalition, and we thank you for the opportunity to be able to do our presentation.

We've been active in the Niagara area since 1999. We're a non-partisan public interest coalition and we're affiliated with the Ontario Health Coalition.

The focus of the presentation is threefold. We're looking at the proposed budget plans to limit health care spending increases to 2.1% annually over the next three years; we're looking at the impact of these plans, budget cuts on health services and access to those services in Niagara; and then very briefly looking at schedule 28 of Bill 55.

Limiting health care spending to 2.1% over the next three years: The provincial government's present approach to health care is at odds with the values and priorities of most Ontarians. This is a big change from the past eight years which saw health spending increase

by an average of 6.1% annually as the government attempted to negate, in a way, the impact of \$1 billion taken out of the health system during the 1990s under the Harris-Eves governments. If we proceed with the funding cuts, we're probably going to be back in the same place.

In spite of all the increases, we still spend less on health care than almost all the other provinces in Canada. The proposed 2.1% will not match the rate of inflation, so we're actually seeing a decrease in health care funding, and that's going to put us definitely at the bottom of the provinces.

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In fact, health care spending has been shrinking, not growing, as a proportion of Ontario's spending for the last decade, and the result has been that hospital beds have been closed at an alarming rate. Health systems, the LHINs and the Ministry of Health, try to reassure people that they shouldn't worry because we have home care, aging-at-home initiatives and long-term care. Despite these claims that care is being moved into the community, what we're actually seeing is that home care is also shrinking, not growing, as a proportion of provincial health spending.

Just to give you an example, between 2004 and 2008, according to the Auditor General, what we had were total expenditures for home care increasing from \$1.2 billion to \$1.76 billion, and that sounds great. However, the number of clients increased from 350,000 to 586,000, which meant a 66% increase, and the funding had increased by only 40%, which meant that funding per client actually decreased 14% over this period.

The most hurt through the decades of health restructuring have definitely been the seniors. If we look at wait times for long-term care outside of hospitals, it has been very, very high. We have over 24,000 Ontarians right now waiting for placement, and the wait times can be seven months to a year. What we need is a firm commitment to build more beds in order to reduce present wait times.

The budget also promises to increase overall funding for nursing homes, but we're concerned about the announcement of more flexibility within long-term-care homes' funding for operators to spend money where they choose. Since most of them are for-profit, I really worry that these monies would go to improve their bottom line and not improve services, food and staffing in the homes.

In terms of hospital beds, we've seen a loss of 18,500—huge losses in the 1990s in terms of critical, acute and chronic hospital beds. The financial constraints during the 2000s have forced hospitals to reduce beds and services in order to reduce their staffing levels, and that has represented all kinds of problems. We now have the highest level of hospital occupancy of any jurisdiction where data is available. Hospital overcrowding risks the health and safety of patients, and we have the well-publicized emergency backlogs—and the list goes on.

When we look at this, what has been happening to Niagara—we're the worst-case scenario. If you want to

know where health care is going to go, just have a look at what has happened in the region of Niagara. We lost over a third of our beds between 1989 and 1999. I have an appendix to show it. In the same period of time, long-term beds only increased slightly. We saw a decrease of 43% in the number of our acute-care beds and a 25% drop in chronic-care beds.

The reduction in beds continued in 2000. Just to give you an idea, between 2000 and 2010 the number of beds in the Niagara Health System went from 942 to 730. By 2012, it was down to 649. They've closed two hospitals in communities with populations of well over 20,000. The ERs in the three remaining hospitals consistently have wait times of over 18 hours for complex care. To save money, they even went to a private management company for housekeeping and cleaning. I think everyone here is very well aware of the difficulties that we've had with C. difficile, where we have well over 100 people who were infected and more than 32 who died. It's very difficult to determine, because a fair number of them went back home, came back and passed away. We still have the problem of C. difficile, especially in the Greater Niagara General.

We have an independent supervisor now, and guess what? He's looking at these proposed budgets and he has known that this is going to happen, and what is he proposing? He's proposing to close two more hospitals, Welland and Niagara Falls, and build a new one. Well, isn't that great?

Let's have a look at the population. Niagara Falls and Fort Erie have a population of 112,000. Welland, Port Colborne, Wainfleet and Pelham have a population of over 107,000. So, what do you mean? You're going to build one hospital to serve over 200,000 people? That doesn't make sense to me, and people have to travel long distances. We don't have public transit. They're all individual cities.

Then, let's have a look at the delay for the construction of the West Lincoln hospital. First of all, they said it's cancelled. They were ready to put the shovel in the ground. That hospital is pretty well falling apart. If you don't fix it, what happens? If we don't rebuild, what happens? The services are going to be taken out. They're going to go to a larger centre such as Burlington, at the Brant, and next thing we know, we have a whole community of Grimsby, West Lincoln, Lincoln that will not have a hospital. That's ridiculous.

We have over 1,000 people being assessed and waiting for long-term placement, we have another 1,500 waiting to be assessed and we don't even have the number of beds that we were supposed to be allotted. So we have a real problem.

Our demographic is getting older. In fact, some of our communities—a few have more than 20% of their population over 65. So we really have to work on this and make sure that there are the long-term-care beds available, and make sure that we fund—

The Chair (Mr. Bob Delaney): Just to remind you, you have a little less than a minute to go.

Ms. Suzanne Hotte: Okay, all right.

In schedule 28, I can't imagine why the government, which has no mandate to privatize a public service, since it has run in previous elections promising to uphold public interests—if we look at this Ministry of Government Services Act, it gives the cabinet sweeping powers to authorize contracting out or privatization of all or any of Ontario's services.

There's also a problem with the proposed Annex II. How come health care is not in that annex? CETA is there, and if it comes through, then it's very easy to privatize health care. Thank you.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Shurman? Sorry. Mr. McNaughton.

Mr. Monte McNaughton: Thanks for your presentation today. I just wanted to touch on a few points and get your opinion on a few things.

With regard to the West Lincoln hospital that you were discussing a moment ago, do you think that the decision to cancel it may have been a political decision on behalf of the government?

Ms. Suzanne Hotte: I'm not going to go into some people's heads to figure out what the rationale is, but definitely that was not the right decision. The community has their money. This hospital has been promised and the shovel was ready to go into the ground. So you can draw your own conclusions.

Mr. Monte McNaughton: Regarding emergency department closings in the Niagara region, how many hospitals had their emergency departments closed? Was it one or two?

Ms. Suzanne Hotte: Two: Port Colborne and Fort Erie.

Mr. Monte McNaughton: What has been the impact of these closures on patient care and on families in that region?

Ms. Suzanne Hotte: Well, both of these hospitals are right along the shore of Lake Erie, so they do have to go to Niagara Falls and Welland.

Oftentimes when we're listening to weather reports, we hear what's happening along the Bruce and the coast of Lake Erie, Kincardine, and we're saying, "Oh, the roads are closed." Well, guess what? We have the same type of weather systems occurring in the southern tier. There's no public transit, so it's very difficult to get there. The cost is exorbitant. The ambulance cost if you're taking OPT—the transfers—can cost you \$300, \$400, \$500 to get to the emergency or back.

So it is a huge problem, a very big, significant problem, and these are areas—Fort Erie has one of the youngest populations. If you look at the demographic of people under 15, it's very, very high for the Niagara region. So you have a lot of young families, and they need—you know, kids are kids, and you end up going to the hospital often. In Port Colborne, you have a significant elder senior population.

Mr. Monte McNaughton: So, in your opinion, it's impacting patient safety?

Ms. Suzanne Hotte: Oh yes, definitely.

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Mr. Monte McNaughton: Just one final question. You said in here, “There needs to be a greater level of scrutiny and oversight in order to ensure that billions of tax dollars are not wasted as seen with Ornge and electronic medical records. LHINs should be reviewed.” Can you go into detail?

It’s my understanding that the government has sort of kicked that review can down the road, and I just wondered why, in your opinion, it’s important that those LHINs are reviewed publicly.

Ms. Suzanne Hotte: Well, there has never been a review. They were supposed to have a review and they sort of pushed it aside and said, “We’ll have it later,” and it hasn’t occurred.

When I look at our LHIN, what I’ve seen in the past six years has been an increase of the staffing levels. I think it started off with, like 18, then it went up to 22, then 34 and now I think it’s up to 38. That’s a substantial number of people that are working there. You have the administration. A lot of the LHINs built new facilities instead of renting. We have a facility in our LHIN that probably cost close to \$1 million.

When you look at the compensation for the people in the LHINs—and where does the personnel come from? Well, they come from the Ministry of Health because they’ve been let go. So I think all around, you’re having duplication. You could have a smaller workforce doing the work that all these various LHINs are doing presently.

Mr. Monte McNaughton: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for coming in today and for making your presentation before us.

Ms. Suzanne Hotte: Thank you.

The Chair (Mr. Bob Delaney): Is the presentation from Greenpeace Canada in the room? Okay.

CANADIAN FEDERATION OF STUDENTS

The Chair (Mr. Bob Delaney): The Canadian Federation of Students, Nora Loreto, Sarah Jayne King.

Welcome. I think you’ve timed your arrival very well. You’ll have 10 minutes to make your presentation before us, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Would you please begin by stating your names for Hansard, and then commence.

Ms. Sarah Jayne King: Sarah Jayne King.

Ms. Nora Loreto: My name’s Nora Loreto. I’m the communications and government relations coordinator for the federation.

The Chair (Mr. Bob Delaney): Go ahead.

Ms. Sarah Jayne King: Excellent. I’m the Ontario chairperson for the Canadian Federation of Students, which is the oldest and largest student organization in the country, representing 600,000 students across the country, over 300,000 of which are in Ontario.

We’re very excited to be here today to present to this committee. As you know, higher education has been a big issue in Ontario for quite some time but especially this year. We’ve seen a lot of student action, be it what is going on in Quebec, be it the student rallies that have been organized in Ontario, the petitions collected, as well as occupations that students have actually staged as well.

We’re at a point in Ontario right now where we actually have the highest tuition fees in the country and the lowest per-student funding. We’re at a crisis point in Ontario, and after being promised a 30% reduction in tuition fees during the election by the Liberals, students are feeling less than thrilled about the current post-secondary education climate because the grant that has been proposed actually has affected far less than one third of students and is not truly a 30% reduction for students.

We have a series of recommendations for you today. As creative as we are as students, we’ve actually found a way to save you—actually, a cost-neutral set of recommendations. We have 10. A couple of them cost you money, a couple of them save money and a couple of them don’t cost anything at all. So we’re hoping that you’ll be able to see the value in these recommendations and implement many, if not all, of them as they are all highly implementable and, as mentioned, will actually be of great benefit to Ontario and to this budget.

If you’d turn right to the next page here of the document, the photo on the left there is actually taken from this year’s February 1 rally. We had a national day of action this year. It’s the first time in about five years that there was a national day of action. Thousands of students were on the street across the country calling for changes in higher education, calling for a national vision. In Ontario, we were also speaking a lot about the Liberal promise, the 30% reduction in tuition fees. A lot of students were very interested in rallying and in showing popular support for changes that we need to see in higher education.

We’ll take you through the recommendations fairly quickly here, understanding that we don’t have a ton of time. I’ll start off with the first two, which are around tuition fees, which, is of course, the most significant issue that students in Ontario face. We know that tuition fees are the number one barrier to access when it comes to education. Students will cite, if they have not chosen to attend post-secondary education, that the reason that they have not is because tuition fees are too high, because the cost of education is too high.

Our first recommendation will not be a surprise to most people here. It is that we’d like to reallocate the funding that was put aside for the Ontario tuition grant to an across-the-board tuition fee reduction for all college and university students. There have been many flaws with the implementation of this program, and we actually have seen that the administrative costs are likely high; a lot of the administration is also on the institutions themselves.

We also know that at this point 60% of the one third of students who are eligible in this province for the grant

have actually received it. We're seeing that almost 80% of students have not received any money from the Ontario tuition grants to date. We would like to see this applied across the board. This would be the equivalent of a 13% tuition fee reduction for every student in the province of Ontario at all levels.

The second recommendation would actually allow us to see a 25% reduction in tuition fees for students in Ontario, which would be very close to what students were expecting this year. The proposed revenue gained through the 2% increase on high-income earners, if applied to tuition fees at our institutions as opposed to the deficit, would see an increase in the amount that we would reduce tuition fees by an extra 12%, which would bring us to 25%, and that's indicated on page 7, as you can see, where there's a bit more detail on some of the recommendations.

On student financial assistance, which is obviously extremely important when we do have high tuition fees, we have a couple of recommendations to improve the system, acknowledging that tuition fees are not going away in the next year.

Recommendation 3 proposes to maintain the funding for the Ontario work-study program. This is funding that is being cut from the current budget that we would like to see maintained. Institutions and the government split the funding on the work-study program. Institutions currently take on about half of the cost, and the rest is government-funded.

This program provides jobs to students. It actually provides jobs to students in financial need. So students who really need work experience can work on campus, sometimes in the field of their study. They're very much sought-after jobs and they provide much-needed income for students in financial need. With the government funding being removed from this program, it will put larger weights on the institutions, and what we'll see, I think, is that the institutions will not be able to maintain the program. It will not be sustainable. So we'll see a decrease in the amount of jobs available on our campuses, which will have an extremely negative impact on our students, and we'll see student jobs lost.

The fourth recommendation is to eliminate interest on the Ontario portion of OSAP. Basically, what we see, with the amount of interest that students have to pay over many years, is that students who have to take on loans, students who are in the highest need, actually end up paying more for their education than students who are able to pay upfront. The cost of that would be \$5 million to \$15 million per year—it's unclear, exactly—and we would like to see that implemented as well.

Recommendation 5 is simply to reallocate provincial education tax credits to needs-based financial assistance. This is not new. This is something that we've been asking for, and we really are firm in our belief that an upfront grant system is much more sustainable and much more fair to students in Ontario.

Recommendation 6 sees the elimination of the Higher Education Quality Council of Ontario, to redirect this

funding of about \$5 million to additional Ontario graduate scholarships. Ontario graduate scholarships are extremely—there are not very many of them available, and we need to see an increase in those. We have seen some increase, but there are very few available for the amount of graduate students we have in the province. Students are united in understanding the flaws with HEQCO and would like to see the elimination of that to redirect this funding to true graduate research.

1530

Ms. Nora Loreto: Recommendation 7 is one recommendation that we share with many organizations across Ontario; it's to extend the purview of the Ontario Ombudsman to the university sector. The Ombudsman currently can investigate complaints based on the Ontario Student Assistance Program and colleges, but university students do not have that protection. We think that this added measure of accountability would be critical to making sure that we are able to respond to the issues that students raise within the universities.

Recommendation 9, I think, might be a popular one with some folks in the room. We think that administrative salaries are ballooning. This past year, the Governor General of Canada made \$600,000 from the University of Waterloo despite working there for no days. He made the most of any person in the sector. We think that putting a cap on the salaries that people can earn in the post-secondary education sector would be a fair way to deal with these ballooning administrative costs and to also try to bring these costs back to the student pocket.

Finally, recommendation 10: We firmly believe, as an organization, that part of the success of the students in this province is having a strong northern Ontario economy and education system. We absolutely oppose the divestment of the Ontario Northland Transportation Commission, the ONTC. Our members are quite nervous about what's going to happen to their ability to travel to and from school. There's a lot of nervousness about the inability of students from southern Ontario to study at northern colleges and universities, and we think that this is going to have a direct negative impact on the institutions there.

The Chair (Mr. Bob Delaney): You have about 30 seconds.

Ms. Nora Loreto: That's it. Those are the 10. We recognize that they're kind of a whirlwind, and we obviously would be happy to take any questions. This is a snapshot of what we're calling for right now. We firmly believe that eventually this province needs to move to a model of free higher education. Recognizing the current fiscal constraints, we think that this is a highly reasonable set of recommendations.

The Chair (Mr. Bob Delaney): Thank you. Ms. Forster.

Ms. Cindy Forster: First, I want to thank you for being here and for taking the initiative to put together a great report and to come here with solutions and not just air your concerns—and for wearing your red patches. Last evening, I actually got to observe a very peaceful

demonstration at Bloor and Bay, and it was quite interesting.

I have just a couple of questions for you. I understand, at least from talking to students in my community, that a lot of students are having to go to food banks and that there are a lot of students who are living in poverty. I wanted you to expand a little bit on that if you have some stats or some information you can share with us.

Ms. Nora Loreto: Sure. We made a submission to the comprehensive social review to try and identify some of the places where if you're on social assistance, ODSP or Ontario Works, how you actually have your OSAP and some grants clawed back. Student poverty is absolutely an issue that we are very concerned about. We see our members on the ground raising this issue to us, plus the proliferation of food bank use on campus.

I think one of the worst aspects of the so-called 30-off tuition fee reduction is it's actually not available to the poorest 30,000 students in Ontario. Anyone receiving an access grant is, by definition, among the lowest-income students in this province, and 30-off will not go to those students.

This budget has also recommended to remove the Ontario special bursary for students living in subsidized housing. It's a bad news budget for students who are poor, and I think we can all agree that higher education is going to be the thing that alleviates people from poverty and allows them to have some social mobility in their lives.

Ms. Cindy Forster: What percentage of students actually have part-time jobs or have jobs that earn enough income to actually allow them to take advantage of the tax credit system?

Ms. Nora Loreto: Okay. Well, you have to make about 20 grand, at least, to be able to get anything back in your taxes. To have it be significant, it has to be higher than that, of course. There are very few students who are making a full-time wage when they're studying, and the students who are making close to a full-time wage are also unable—if they're working full-time, they will be unable to get the Ontario loans, OSAP. So there's a disincentive to go to school part-time because you can't get student loans, and then there's a disincentive to not work full-time because it's too expensive. We know, statistically speaking, that high-income parents are benefiting from tax credits, but when you show up in September to your financial aid office to pay your tuition fees with tax credits, they tell you to leave and give money, not tax credits.

Ms. Cindy Forster: My last question is: A number of students have raised concerns with me about part-time teachers, part-time professors, at the university and the kind of low wage that they're paid. How does that actually impact your education?

Ms. Sarah Jayne King: It's a quality issue for sure, as well as an employment issue. A lot of professors in part-time positions or on contract are actually facing job security issues, and many of them have to travel between universities or between colleges to actually afford their

livelihoods. Students have less access to them in the classroom, so it really affects the quality of our education. We also have the highest student-to-prof ratio in the country; that is to say that you have even less access to your teaching staff in Ontario.

Ms. Nora Loreto: Actually, just to expand on that: There are 17% fewer full-time college faculty members in the province today than there were in 1995, despite the fact that enrolment has surged. This province is going to have a very difficult time with college sector bargaining, I think, which has started and which does threaten the start of the new school year because we have starved the system of funding.

The Chair (Mr. Bob Delaney): Thank you very much for having come in today and for making your presentation.

GREENPEACE CANADA

The Chair (Mr. Bob Delaney): Our next presentation will be Greenpeace Canada: Catharine Grant. Sit anywhere you wish. All the microphones work. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will be from the government. Just pass your material to the clerk for distribution. Begin by stating your name for Hansard and then proceed with your presentation.

Ms. Catharine Grant: My name is Catherine Grant. I am here representing Greenpeace Canada and I would just like to thank the committee for the opportunity to speak today. I work on boreal forest issues for Greenpeace. As you may know, Greenpeace is the largest environmental organization in Canada. We work on a variety of issues with a focus on preserving biodiversity in our forests and oceans as well as action on climate change. We're an independent organization and our work relies primarily on donations from individuals. We do not accept donations from governments or corporations.

Today I would like to talk about some of the implications that the budget bill has for the environment. We'll be submitting something in writing in more detail, so I'll just be brief today.

Generally, the concern we have is that Bill 55 proposes changes to no fewer than seven environmental laws. Many of these changes have very far-reaching impacts on how natural resources and public lands will be managed. One of the slides here in front of you lists all the environmental laws which are impacted by the budget bill. You have the Endangered Species Act, the Provincial Parks and Conservation Reserves Act, the Crown Forest Sustainability Act, the Public Lands Act, the Fish and Wildlife Conservation Act, the Niagara Escarpment Planning and Development Act, and the Lakes and Rivers Improvement Act.

Of particular concern to Greenpeace are the changes to the Endangered Species Act and the Crown Forest Sustainability Act in the budget bill, and I'll just highlight two of the main concerns here. In the Endangered Species Act, there will be the removal of legal tests from

section 18 of the Endangered Species Act. These legal tests are: overall benefit to the species, minimizing harm, and consideration of reasonable alternatives. Basically, removing those legal tests from the ESA will allow development to proceed that will harm a species or its habitat.

In relation to the Crown Forest Sustainability Act, our major concern is the removal of the requirement for a forest company to adhere to provincially defined harvest limits or a government-approved forest management plan. You may or may not know that the way forestry has been done in this province is that there absolutely has to be an approved forest management plan for any logging operations that take place. The changes in the budget bill could open up exemptions to this.

The ecological implications, I think, are quite serious. We're looking at less protection for threatened and endangered species, despite the fact that Ontario has more species at risk than any other province in Canada, as well as less government oversight of industrial development on public lands. We think this means higher risk. All this at a time when science is telling us that biodiversity and ecological processes are under serious stress at a global level and that the earth's ability to support life is currently being compromised. Greenpeace is very concerned that some of the proposed changes in the budget bill will actually put our public lands and environment at great risk.

1540

I want to talk for a moment about the process implications of the changes to environmental laws in the budget bill. Since 2003 in Ontario, we've had the Environmental Bill of Rights which requires broad public consultation for any changes to environmental or natural resource laws in the province. However, because Bill 55 is a finance measure, the changes to environmental laws do not have to go through this formal Environmental Bill of Rights process. This, I think, is troubling from a democratic perspective. For the last 20 years, citizens have had the right to participate in environmental policy-making through the EBR, and I think that this budget bill is a step backwards, as individuals and communities really haven't had a chance to have a say in these changes.

Turning to some of the economic implications, I just wanted to mention that in our experience—and Greenpeace does engagement in the marketplace—large companies that consume natural resources, like paper products and so on, want to know that the products they buy are sustainable, especially in the North American and European market. They basically want to be able to tell their customers that they're green. They don't want to be associated with controversy. My concern is that if Ontario does not have functioning laws to protect species at risk and to properly manage forests it's going to be a red flag for these companies. There are companies like Rona, Office Depot, Lowes, Kimberly-Clark, Globe and Mail, and Indigo that all have policies in place to avoid sourcing materials from controversial areas. These are companies that Greenpeace and other environmental

organizations are in touch with regularly. Our concern, basically, is that Ontario forest products, for example, will be less competitive in the expanding green market because these laws are being potentially undermined, that there will be additional controversy surrounding Ontario resource use. We know that Canadian customers actually care about products being green and will notice this.

I'm just going to briefly touch upon what we think are some considerations for the committee. We basically believe that the majority of changes to environmental laws contained within the budget bill will cause damage to the environment and contribute to controversy within the marketplace. We think that because they haven't been subject to broad public consultation under the Environmental Bill of Rights that they should be pulled from the budget bill. If the government wants to introduce them as stand-alone bills then at least that will give people in the Legislature the chance to fully debate them and will give the public a chance to have input through the Environmental Bill of Rights. We believe that the changes are damaging and, unfortunately, have bypassed this important law, as I mentioned, the Environmental Bill of Rights.

As I mentioned, Greenpeace will be submitting more detailed comments. In the meantime, if you have any questions, that's great.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Ms. Grant, for coming and for your submission. We look forward to receiving your written submission as well, hopefully with more information and more detail.

Thanks for mentioning some of the schedules that are incorporated. There are some other environmental measures as well that are part of Bill 55, and I wanted to get your views on them. One of them is there's a proposal to increase water-taking charges for commercial and industrial water users, which will incent businesses to better conserve water and ensure more efficient and sustainable processes. Is Greenpeace supportive of that initiative?

Ms. Catharine Grant: To be frank, I haven't turned my attention to that at all. I think part of the issue is that some of the other changes were so striking to us that we've really focused our attention on trying to get the message across that in particular the Endangered Species Act and the Crown Forest Sustainability Act are being undermined significantly.

Mr. Yasir Naqvi: So perhaps, if you can, when you do your written submission, if you could have a look at it.

Ms. Catharine Grant: Absolutely.

Mr. Yasir Naqvi: The other one I also want to bring to your attention is that the budget proposes increasing fees for hazardous waste as well. Those fees have not been updated since 2002. The government has felt, obviously, that increasing the fees will provide greater incentives to reduce or recycle waste. So I'm hoping or assuming that Greenpeace will be supportive of that initiative.

Ms. Catharine Grant: Again, we'll have to take a look.

Mr. Yasir Naqvi: Lastly, and this is something you may know about, is that we had introduced in Ontario a clean energy benefit. In this budget we are proposing a cap of 3,000 kilowatts, in terms of the benefit, which will exclude large users of electricity from getting the advantage of that 10% discount. Is that measure supported by Greenpeace?

Ms. Catharine Grant: Because I work primarily on forestry issues, these are things, as I mentioned before, that I haven't had a chance to look at. I'm happy to do so, and we can include comments in our written submission. But regardless of whether—you know, I think the increase in user fees in some cases does make a lot of sense in these kinds of financial times. However, I don't think deregulating other aspects of environmental protection is worth it in return.

Mr. Yasir Naqvi: Thank you very much. I look forward to your written submission.

The Chair (Mr. Bob Delaney): And thank you very much for having come in to present to us today.

COMMUNITY ACTION GROUP ST. MARYS, ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation is by teleconference. We have on the line Gayle Pounder, chair of the Community Action Group from St. Marys, Ontario. Gayle, are you there?

Ms. Gayle Pounder Beattie: Yes, I am.

The Chair (Mr. Bob Delaney): Welcome, in virtual terms, to our committee deliberations this afternoon. You'll be speaking to us for up to 10 minutes, followed by up to five minutes of questioning. In this round, the rotation will go to the Progressive Conservatives. Please begin by stating your name for Hansard and then proceed with your presentation.

Ms. Gayle Pounder Beattie: Before I begin, I would like to thank you for this opportunity. My name is Gayle Pounder Beattie, of the Community Action Group of St. Marys, Ontario, which was formed in November 2009.

I chose to live in St. Marys, living in Stratford most of my life, because of their hospital, which had an excellent reputation, and because the health of my daughter was precarious and she often required emergency care. I think we were in St. Marys three weeks before our first visit to the emergency department.

St. Marys Memorial Hospital was built by the community as a remembrance and thank you to the veterans who lost their lives in World War II. It is an integral part of our small, rural community. In the early 1990s, St. Marys lost many services under the cutbacks of the Conservative government, some of them being the operating rooms—newly built not that many years before they were closed down—and our maternity ward. The community rose to action and refused to allow the hospital to be closed entirely, and had to agree to the above cuts to keep the remainder.

St. Marys Memorial Hospital is one of four hospitals that belong to the Huron Perth Healthcare Alliance. It is

under the Huron Perth Healthcare Alliance that the hospital once again becomes in danger under their Vision 2013, a document which is centralizing services within the HPHA and their four hospitals.

In November 2009, Vision 2013 changed the number of hours the ER would be operational, as well as the number of acute-care beds. We are slated to lose five acute-care beds and gain 10 continuing-care beds, which at the outset does not sound very significant. But our main concern is that we will eventually lose all our acute-care beds and become continuing-care beds, which then eventually roll into long-term care. We were to lose our in-house rehabilitation, which was to be moved to Seaforth, a 45-minute drive from St. Marys, and very difficult for a stroke patient to navigate if suffering symptoms that make it possible for them to drive daily for rehab.

When we presented to the LHIN in 2010, we argued at the cuts suggested by the HPHA, which they suggested would provide better quality of care and that the health system in our area needed to centralize to provide better care at less cost. I have discovered over the last three years that health care spending is out of control. The real problem is on the revenue side.

1550

Ontario has engaged in the most prolonged and deepest tax cuts in the country. These tax cuts have mainly benefited the wealthy and corporations, and the evidence showed that they have not resulted in increased business investment. Despite this, the McGuinty government has refused to look at revenue options to restore greater tax fairness and sustainability—two significant tax loopholes in the employer health tax which, if closed, would create a more equitable funding system and generate \$2.4 billion per year to help alleviate some of the cost pressures in the health system.

Ontario ranks eighth out of 11 provinces in health spending. We are one of the larger provinces, yet spend only \$3,911.70 per person on health care. Although there are repeated claims about moving patients into the community, the evidence shows that home care funding is declining as a share of provincial health care spending. In the 1990s, home care funding was 5.47% of Ontario health care spending. By 2010, it had declined to 4.13%.

Also, we have lost 18,500 hospital beds as we centralize services within alliances that include smaller hospitals. It makes one wonder, then: Is our shortage of health care beds a lack of funding, or is there another reason? There are 30,000 people waiting for long-term care in Ontario. Our overcrowded hospitals are fourth from the bottom in all countries. What are we doing about it? The McGuinty government is trying to pass Bill 55. Schedule 28 threatens public health care and core services.

The Chair (Mr. Bob Delaney): To remind you, you've got about one minute left to go.

Ms. Gayle Pounder Beattie: Okay. Our small community hospital serves a large senior population.

I am asking you to vote against Bill 55, to listen to the members of small and rural communities.

In closing, I would ask you what you would like your family member to experience, whether they are young or old. I strongly believe that there are better solutions than privatizing more health care services, making rural and small community members travel farther and farther for care, to protect small, rural hospitals from cuts, because larger hospitals in the corporation or alliance are cutting off the appendages because they want to centralize care. Rural hospitals need protection under the legislation for a basket of services, and we hope that you—

The Chair (Mr. Bob Delaney): Ms. Pounder, I have to stop you there. Thank you very much for your deposition. Mr. Shurman from the PC party has some questions for you.

Mr. Peter Shurman: Thank you very much for your presentation, Ms. Pounder Beattie. Or may I call you Gayle? It might be easier.

Ms. Gayle Pounder Beattie: Yes, it is easier.

Mr. Peter Shurman: Okay. First of all, I want to tell you that you're asking us to vote against Bill 55. I can tell you clearly that the government is going to vote for Bill 55 because it's their bill, and I can tell you clearly that my party, the Progressive Conservatives, will vote against Bill 55. So you might want to address yourself to the NDP, but it's not their turn.

I'll address myself to you: Priorities, really, are what governments have to determine. You clearly have determined that the priorities are wrong. I don't want to put words in your mouth; I want you to amplify on this. You've determined that the priorities are wrong in this particular instance. I want to tell you, before you comment on what I'm putting to you, that I am the last person who's going to be an apologist for the McGuinty government, but revenues, which you claim are the problem, have risen every single year in the history of Ontario. Even in the 2008-09 fiscal year, revenues rose. My party says that it isn't a revenue problem; it is a spending problem, because the McGuinty government wants to give everybody everything, and you seem to find yourself on the short end of the stick. Would you like to comment on that?

Ms. Gayle Pounder Beattie: I think that from our involvement, looking at this, as I am a business person, and looking at it as I would from a business, if the revenue is increasing but more spending is happening, then we are never going to get ahead from where we are. From what I have seen over the last three years, administrative costs are growing rapidly within our health care system, but patient care costs are not rising enough to keep up with the people. As they're cutting back services, the revenues are going to other things than patient care.

Mr. Peter Shurman: Let's talk about the business of re-prioritization, or what the government likes to call transformation.

Ms. Gayle Pounder Beattie: Right.

Mr. Peter Shurman: Their argument—and again, it's not for me to put words in their mouth or apologize for anybody. I'm simply giving you my understanding and wondering what your understanding is. They say that by

maintaining approximately a 2% increase on health care spending and transforming services and the delivery model, they can give you better health care services at that level than what you're getting now. You clearly disagree.

Ms. Gayle Pounder Beattie: Yes.

Mr. Peter Shurman: Okay, well—

Ms. Gayle Pounder Beattie: I disagree because after researching the United Kingdom health care, which is the model that the McGuinty government appears to be following, it is not working. No matter what they're putting in, no matter what they're centralizing, no matter what they're cutting, it is not working.

If they could look at it and maybe cut back on administrative costs, or try stopping to cut patient care—even though baby boomers are the buzzword within health care, you can't cut 18,500 beds out of health care and not have overcrowded hospitals.

Mr. Peter Shurman: Can I deduce from this that what you're recommending is not so much that we not pass Bill 55 but that health care spending be increased, regardless of what it takes to do that?

Ms. Gayle Pounder Beattie: What worries me about schedule 28 of the budget is it pushes towards privatization of care. We already have many privatized services that were carried out within the hospitals. Some hospitals are now having blood work—there are hospitals up north, St. Joseph Island, where patients are having to travel 85 miles and pay for blood work that used to be done in the hospital.

Privatization is a huge concern of mine. It has happened out in British Columbia. I am definitely for a health care system that supports all members of our society, not just those who are able to pay for privatized care.

Mr. Peter Shurman: Gayle, thank you very much. I appreciate it.

The Chair (Mr. Bob Delaney): Thank you very much for having called in for your presentation this afternoon.

Ms. Gayle Pounder Beattie: You're welcome. Thank you.

ST. MARYS AUTO GROUP

The Chair (Mr. Bob Delaney): Our next presenter will be St. Marys Auto Group—Chris West. Good afternoon and welcome.

Mr. Chris West: Thank you very much.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation before the committee this afternoon, followed by up to five minutes of questioning. In this rotation, your questions will come from the members of the New Democrats.

Please state your name for Hansard, and then commence.

Mr. Chris West: My name is Chris West. I'm president of Downtown Pontiac in St. Marys. I'm here specifically with the intent of trying to save our hospital

in St. Marys—a little bit of a different approach from Gayle, who preceded me.

I'm here because the hospital suits not only community needs but business needs, and as a business person, we have to have a hospital in St. Marys. If we do not have a hospital in St. Marys, it will definitely have a severe impact on the economy and send a lot of businesses out of town, close businesses down, and prevent other businesses from coming to St. Marys.

Sixty-five years ago, at about the same time that the allies were storming on to the Normandy beaches in 1947, the St. Marys Memorial Hospital became a reality. It came into reality as a result of blood, sweat and tears. The community gave up what they wanted for what they needed in a hospital in St. Marys.

Much of the funding was from the community. When there's a job to be done in St. Marys, the people rally and get the job done.

In 1948, land was acquired for \$16,000, followed two years later by a building project for \$265,000; an expansion honouring one of our former Prime Ministers, Meighen, in 1960 for \$340,000; a further expansion for a new wing at the hospital in 1981 for \$1.3 million; another expansion in 1992 for \$1.5 million, \$500,000 of which came from the provincial government; and in 2001, \$373,000 invested for X-ray equipment. So there's been a tremendous amount of money invested from the community and from businesses in St. Marys for this hospital. As Gayle said, it was built to honour the veterans of World War II.

1600

On March 31, 2003, the St. Marys Memorial Hospital Foundation had a fund balance of \$6.9 million. That's aside from the assets of the hospital, and that will give you some sort of an idea of how much money was put in by the community.

In 2003, a decision was made to become part of the HPHA. At St. Marys, we are not opposed to change. If it's a positive change, we're all for it. We made the change to go with an alliance, feeling that it would be a good thing for the community and a good thing for business people.

Between 2004 and 2005, \$5.7 million of that \$6.9 million was transferred from the St. Marys Memorial Hospital Foundation to the HPHA.

Today, the St. Marys hospital is a tremendous asset for the community. As I said, it was built in memory of World War II veterans, and most of the money that's gone into the hospital is a result of the community. It's a very, very efficient hospital. One of the charts in the appendix will show you the amount of health care spending for St. Marys residents as opposed to the other three in the group. If you take a look at the hospital today, like I say, it's very efficient. It has a great record of taking patients in, making them better and sending them back home again, which really mitigates costs.

It has a recreation centre at the back of it, a YMCA, which obviously helps mitigate expenses to the health

care system. Roughly 7% or 8% of the St. Marys population are members of that.

The population of St. Marys continues to increase. The St. Marys and rural population is around 10,300. There is a tremendous exodus of people moving not only from London, which is about 450,000 within about 25 minutes of St. Marys, but even from Toronto. There are a lot of people moving into that area. So it's an area that's growing. The commutershed population is 800,000, so there's lots of action in the area. Within 100 kilometres of St. Marys, 50% of the agriculture for the province of Ontario occurs in that area. So it's an industrial area; it's a farming area; it's a tourism area. It's an area that needs a hospital.

I'd open it up for any questions you might have.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Forster?

Ms. Cindy Forster: What's the closest acute-care hospital—I know that St. Marys is still acute-care. How many acute-care beds do you have left?

Mr. Chris West: I'm not sure how many acute-care beds we have left. Typically, the hospitals that are close by for operations or higher-level situations would be in Stratford, which is 25 minutes, weather permitting. London, Ontario, which I said is probably 25 or 35 minutes, again, weather permitting—that's where typically most people would go. I have seen some years where there are snowdrifts on our main roads of eight feet high. In addition to that, we've got a large Mennonite and Amish population, many of whom travel by buggy, so a 25-minute ride to Stratford is not 25 minutes anymore.

Ms. Cindy Forster: And you don't have a public transportation system?

Mr. Chris West: We have a Via train, but of course that only runs a couple of times per day each way.

Ms. Cindy Forster: Right. So it's difficult for some people to actually get to a hospital 25 minutes away, let alone 10 minutes away.

Mr. Chris West: One of the big objectives of our hospital is keeping that emergency open 24 hours a day. We have 10,000 people a year that use it. Ninety per cent of them come by car, as there is no public transit, or come by buggy.

Ms. Cindy Forster: I understand that you're struggling down your way with jobs and the economy as well, similar to my area of Niagara. And I see that you actually did a marketing type of plan in here; I'll have an opportunity to read it later. What kinds of assets and amenities are new employers or businesses looking for when they actually come to a town to set up shop?

Mr. Chris West: They are definitely looking for a hospital. I've talked to many residents who have moved here. There was one fellow in a retirement home that is very close to our dealership, and he looked at all areas from Windsor to Toronto up to Tobermory, and one of the reasons he selected St. Marys was because of the community and because he thought the hospital was a great hospital. I've been in many hospitals like you have, as well, and I can tell you that St. Marys Memorial Hos-

pital is extremely clean. The care is absolutely phenomenal. There's absolutely no comparison to any hospital I've been in. So you can see people being attracted not only to the community but to St. Marys Memorial Hospital.

Ms. Cindy Forster: What was the investment of the YMCA and who actually put up the dollars for the YMCA and how long has it been there?

Mr. Chris West: I don't know, but I don't believe there was any government involvement in it. The YMCA needed a membership of around 650 to make it break even. I think we're at around 680 right now.

Ms. Cindy Forster: Right, so you're on a slippery slope right now, and I understand how your community is feeling. We've had similar situations happen in Port Colborne and Fort Erie in the Niagara area. Once the emergency closes, then the acute-care beds start to be removed. Eventually you get to a continuing care hospital. Then, somewhere down the road, two or three years later, you'll hear somebody saying, "Well, we need to close those beds as well," as they're doing in Niagara-on-the-Lake.

I certainly understand why you're here and why your community is concerned. The need for a hospital in your community is probably paramount, not only to the health of the people in St. Marys but as a way to grow your economy.

Mr. Chris West: Exactly.

Ms. Cindy Forster: So I thank you, Mr. West, for your presentation today.

Mr. Chris West: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for having come in to make a presentation today.

Mr. Chris West: Thank you.

CENTRAL ONTARIO STANDARDDBRED ASSOCIATION

The Chair (Mr. Bob Delaney): Is the Registered Nurses' Association of Ontario ready? RNAO? Okay. Good afternoon and welcome.

Okay, I'm informed that RNAO is not with us right at the moment but one of the presentations for later this afternoon is, in fact, ready to go.

We're pleased to welcome the Central Ontario Standardbred Association, Dave Drew. You have 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning. This time the questioning will come from the government side. Please state your names for Hansard, and then commence.

Mr. Bill O'Donnell: My name is Bill O'Donnell. I'm president of the Central Ontario Standardbred Association.

Mr. Dave Drew: My name is Dave Drew. I'm the secretary-treasurer of the Central Ontario Standardbred Association.

Thank you very much for the opportunity to speak with you today on an important issue related to horse racing and the breeding industry in Ontario, and about

the significant impact that the government decision to cancel the slots-at-racetracks program will have on our industry.

First of all, the Central Ontario Standardbred Association, known as COSA, is a not-for-profit corporation that represents standardbred horse owners, drivers, trainers, caretakers and others associated with racing at Mohawk Racetrack and Woodbine Racetrack. It provides representation for horse racing issues as well as providing such things as insurance, health care benefits and other support to its members. COSA currently has over 1,700 active members located across Ontario.

COSA has a standardbred racing agreement with Woodbine Entertainment Group which, among other provisions, Woodbine Entertainment Group recognizes COSA as the exclusive representative for owners, trainers, drivers and other participants of standardbred racing in Ontario who race at both Mohawk and Woodbine raceways.

There has been a very positive impact of the slots-at-racetracks program. There has been a beneficial partnership between Ontario Lottery and Gaming and racetracks. The revenue-sharing aspect of that has helped fund the Ontario government through the OLG, the local municipalities and the racetracks in exchange for the racetracks providing facilities. The horse racing and breeding industry benefit from revenue that is directed to purses for racing.

The program has created over 30,000 full-time specialized jobs in the horse racing industry in Ontario. This results in \$1.5 billion in payroll annually, and therefore generates direct revenue to the Ontario government from payroll-related taxes.

1610

The OLG slots-at-racetracks program is the most profitable form of gaming in the province of Ontario, generating \$1.1 billion in annual revenue to the Ontario government.

Horse racing is a key driver to dozens of local rural, agricultural economies. The horse racing industry spends in excess of \$2 billion a year in Ontario, and 80% of that money, or \$1.6 billion, is spent in rural, agricultural communities, stimulating province-wide economic health.

Through its partnership with the Ontario government, the horse racing industry in Ontario has developed an outstanding reputation for its racing program that is viewed by many outside of Ontario as the best racing program in the world.

By working with the slots-at-racetracks program, important funding for the industry has been generated for the highly esteemed Ontario Sires Stakes program. This program attracts breeders and owners to place quality sires in Ontario so that those sires' offspring can participate in this excellent racing program when those horses reach the age of two and three. Because of this program, these horses generate much interest by purchasers at yearling sales throughout North America, stimulating investment and growth in Ontario's racing product.

When horses successfully compete in the Ontario Sires Stakes program, the money from these winnings

can be reinvested in every aspect of racing, from additional horse purchases to payments for additional equipment, tack, horse trailers, pickup trucks, feed etc. This cycle of good-quality racing provides for strengthening of the Ontario economy, as well as Ontario government revenue, at every step in the development.

Through the horse racing industry work with the Ontario Racing Commission, Ontario has strengthened its reputation for integrity in racing. In addition, numerous provisions and regulations continue to enhance the care and treatment of horses during training and racing. In many cases, these rules and regulations are stronger than most other racing jurisdictions, something that we should all be very proud of.

Top-quality racing attracts a very strong fan base. This racing product promotes and receives increased wagering from across North America through simulcast wagering on the Ontario product. This funding continues the cycle of employment wage payments and reinvestment in all aspects of the industry. All of these activities provide tax revenue to the Ontario government to support its important budget initiatives.

Overall, Ontario has established and has continued to develop a premier reputation for its horse racing. This racing product has a far-reaching impact into Ontario businesses, including advertising, television, food services etc., all stimulating the Ontario economy.

Now let us look at the impact of the cancellation of the slots-at-racetracks program.

Immediately upon announcement by the Ontario government that it was considering changing the slots-at-racetracks program, there was a shock wave that went through the horse racing and breeding industry. When the government issued formal notices to the racetracks that the Slots at Racetracks program was being cancelled by March 31, 2013, and that the slots operations at Fort Erie, Windsor and Sarnia were to close April 30, 2012, the impact was even more severe.

The uncertainty about the future of horse racing, particularly the unknown impact on the prestigious Ontario Sires Stakes program, as well as the purse structure for racing of any type, caused panic by owners and breeders. These people usually have a four- to five-year planning cycle for their breeding and raising of horses, and it was thrown into disarray.

Immediately, breeders were faced with clients cancelling breeding contracts for the spring of 2012—right now. Breeders are paid fees for sire or stud services only when a foal is born after approximately 11 months of gestation. Therefore, the outlook for payments to these breeders for foals being born this spring, 2012, was and continues to be very much in question.

The employment outlook for over 30,000 people has been affected, as well as the impact on the additional 30,000-plus people who support the horse racing and breeding industry. The potential employment impact in Ontario is staggering.

Some racetracks have already announced that they will cease operations while other tracks do not know their future.

This uncertainty about racing in 2013 has caused huge drops in the value of horses, without even a known plan for racing in the Ontario Sires Stakes program, for which owners have already made payments to the government in terms of nominating fees to participate.

The crisis created by the government's announcement without the follow-up of consultation and planning for the future has created untold panic and disarray. The livelihood of a complete industry is at stake without a plan. There is, therefore, an urgent need for government action at this time.

Due to the announcement of the cancellation of the slots-at-racetracks program, it is imperative that the Ontario government meet to discuss the impact of the government plan on the horse racing and breeding industry. Our recommendation is that the detailed discussion begin with the Ontario Horse Racing Industry Association, of which the Central Ontario Standardbred Association is a member.

We must emphasize the critical timing for the Ontario government to work with the industry to establish a plan to restore stability to an industry that has become known worldwide for its excellent horse racing and breeding programs.

Thank you very much for your attention.

The Chair (Mr. Bob Delaney): Thank you for your presentation. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Drew and Mr. O'Donnell, for your submission. Hearing your submission, I take it that you obviously are supportive of the government working with the industry in transitioning to a self-sufficient future for the horse racing industry in Ontario?

Mr. Bill O'Donnell: The transitioning period: With some of the smaller tracks, the slots program has kept them going. Without some kind of agreement between the tracks and the government, it would be impossible for them to transition themselves from sustainable with slots money to without it. They are agricultural society racetracks. With the bigger racetracks—Woodbine and Mohawk—I think that could be possible if we had time to work on something like that with some help over a period of years.

Mr. Yasir Naqvi: Do you think there are opportunities that exist within the industry to develop new racing products?

Mr. Bill O'Donnell: In some of the various larger markets, yes there are. That has been a big holdup also with the CPMA, the Canadian Pari-Mutuel Agency. We've applied for different products in racing, and it seems like we never get an answer. Some things have been asked for eight or 10 years ago, and we just don't seem to get any answer; we don't know why. But there are some things we'd like to try, and if they don't work, we'll go on to something else. It's very frustrating to try to transition yourself into something when you're kind of being held back.

Mr. Yasir Naqvi: Further to what you were just stating, any suggestions as to what changes can be made to modernize the industry?

Mr. Bill O'Donnell: In various countries—Sweden, Norway, Italy, France—I know they don't have a lottery like us; they have what they call V75 in Sweden. It's on five or six different races in a day at different racetracks. It creates a big, big—you buy a ticket for it, and they have it once a week on Saturday. There's \$15 million to \$20 million in that pool sometimes. On issues like that, they could maybe go through OLG. It would really be helpful for us.

Mr. Dave Drew: If I could add to that, I think there's a potential network through Ontario Lottery and Gaming specifically at the location of sale that could be put in place for horse racing wagering that could be done concurrently through the same channels as lottery ticket sales.

Mr. Yasir Naqvi: Thank you very much for coming today and for your submission.

The Chair (Mr. Bob Delaney): This concludes your submission. Thank you very much for having come in today.

REGISTERED NURSES' ASSOCIATION OF ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation will be the Registered Nurses' Association of Ontario. Good afternoon and welcome. You'll have 10 minutes to make your submission before the committee today, followed by up to five minutes of questioning. This round of questioning will come from the PC Party. Please begin by stating your names for Hansard and then commence your presentation.

1620

Mr. Kim Jarvi: Good afternoon. My name is Kim Jarvi. I'm the senior economist with the Registered Nurses' Association of Ontario. With me is Rob Milling, the director of health and nursing policy at RNAO.

We're the professional association of registered nurses who practise in all roles and sectors in Ontario. Our mandate is to advocate for healthy public policy and for the role of RNs in enhancing the health of Ontarians.

We have a lot of interest in Bill 55. It's a major piece of legislation that not only implements budget 2012 but also a series of related and unrelated measures. We have a lot of concerns about the health and nursing impacts of elements in the bill and we are really pleased to have the opportunity to present the views of Ontario nurses.

It's the first opportunity we've had to address budget 2012, so, accordingly, we're going to address three broad areas: the public consultation; the provisions in Bill 55 itself; and then the content of the bill.

First, the public consultation: In recent years, the government has consulted broadly on its legislative and regulatory agenda, but we haven't seen that consultation in this particular budgetary process, and that concerns us. First of all, the process has been quite a long one. It really, we would say, starts with the appointment of the Drummond commission and its mandate to eliminate the budget deficit in seven years without being able to raise

tax rates. RNAO was consulted twice by Mr. Drummond and his commissioners, but the public at large wasn't, and with no public consultation and with a mandate to eliminate the deficit without any capacity to raise tax rates, the only option left on the table was program cuts.

Secondly, budget 2012 itself, untypically, didn't hold public consultations. Bill 55 is the first opportunity for public input, but unfortunately, it does exacerbate the lack of transparency and accountability by bundling substantial and unrelated bills together, and that lowers the scrutiny that you would normally see. For example, environmental measures in the bill are exempted from the normal posting and consultation requirements under the Environmental Bill of Rights, simply because this is a budget bill.

Now, it wouldn't be a problem with us if these were mere housekeeping measures, but these are substantial and, in some cases, controversial issues. We believe that they should receive a separate review as their own legislation, if they should appear at all.

Speaking more broadly, RNs believe that full public consultation is essential to weigh changes as unprecedented and far-reaching as those proposed in the Drummond report, and also to consider other fiscal options. RNAO is on record as calling for public consultations since the report was released in the middle of February.

The schedules in Bill 55, as I said, have a number of substantial and controversial initiatives, including privatization of delivery of government services, delegation of authority, further regulation of collective bargaining and weakening of environmental legislation.

We're under a time constraint here, so we're going to focus just on two sets of schedules of concern to nurses: privatization of services, in particular health services; and schedules focused on environmental legislation.

First, schedule 28, privatizing government services, is where we want to begin this discussion. As currently worded, there's nothing to stop selling any government service to the highest bidder, the way the schedule's written right now, and that could include parts of our health care system. Schedule 28 also appears to give the government—any government—the power to dispose of government assets with minimal oversight. Furthermore, the proposed act under schedule 28 is not constrained by a stated purpose, there's no provision for parliamentary oversight, there are no reporting requirements and there are no other limitations we can find on these new discretionary powers. We don't find that to be acceptable; it's a threat to transparency and accountability. So we urge that schedule 28 be withdrawn in its entirety. We believe that the public is with us on this matter.

We think there are different ways of getting the deficit under control than privatization of health and other services and also bringing cuts related to health.

A critical area to bring system improvements and savings to is to fully utilize and expand the scope of practice of nurses and other health professionals. Another area is to improve integration between social programs and health services and within health services them-

selves. For example, we have unnecessary duplication between the CCACs—community care access centres—hospital discharge coordinators and home care agencies, and this increases costs and diverts money that could be better spent on direct care for patients in primary care at a home by nurses working to full scope.

Mr. Drummond himself recognized the necessity of nurses working at their full scope of practice. For example, there are over 4,300 primary care nurses who are ready and willing to play a greater role in the health system. Furthermore, you could expand access to primary care by investing in more nurse practitioners across the system, including NP-led clinics, community health centres, family health teams as well as home care. That is something that will return value for the investment through improved health and reduced unnecessary emergency room visits. Expanding access to nurse practitioners in long-term-care homes would improve residents' health and would also reduce transfers to emergency rooms.

We know there are solutions, and RNAO looks forward to working with all parties to improve health outcomes and save money.

Another set of schedules we're very concerned about are those that concern environmental protection. We were deeply concerned about the weakening of environmental legislation in schedules 15, 19, 23, 34, 58 and 59. As we already indicated, the inclusion of environmental amendments in the budget bill skirts the requirements under the Environmental Bill of Rights and, perhaps worse, it provides a bit of cover for similar activity taken at the federal level with the very controversial weakening of environmental legislation at the federal level in the federal budget bill. Since environment is a major determinant of health, this becomes a health issue, and it's also even an economic issue.

There's a further concern we have, and that is that Bill 55 would expand regulatory discretion, which, in the view of the Canadian Environmental Law Association, would reduce transparency and predictability. Certainly, there is a significant risk of environmental impact by this legislation, and therefore we believe it does not belong, by normal standards, in a budget bill.

We endorse the call of at least 58 other organizations that presented a letter to the Premier, calling for all those schedules that we just mentioned being withdrawn from Bill 55.

Finally, budget 2012 itself: Ontarians have faced three different big changes—the Drummond proposals, the 2012 Ontario budget and the 2012 federal budget. As we've noted, the Drummond commission made recommendations to eliminate the deficit without raising tax rates. It was constrained that way, and that's a major limitation. Mr. Drummond had no option but to recommend massive, real, per capita spending cuts which he termed unprecedented—correctly. Ontario budget 2012 did implement significant cuts, although not as aggressive as those recommended by Mr. Drummond—

The Chair (Mr. Bob Delaney): Just to advise you, you've got a little over a minute.

Mr. Kim Jarvi: All right. I'm going to skip, and I'll leave this to your reading pleasure—the intermediate stuff.

I want to say that we are pleased that the government and the NDP were able to reduce the cuts to people on social assistance, but more needs to be done. I think our take-away message on the budget is, we need a balanced approach to economic and social policy, so we want to take not just the fiscal deficit seriously, but also the social deficit and the environmental deficit. When it comes to the fiscal deficit itself, we need a public discussion on the timing of dealing with the deficit, on how to deal with fiscal capacity and on the mix of services that would move Ontario forward. We know that polling shows that Ontarians and Canadians share our concerns and are also seeking a balanced budget.

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We want to thank you very much for giving us the opportunity to present the views of the RNAO.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: I'm going to ask a couple of questions and then give you a chance, if you'd like, to make up the missing content from pages 7 and 8.

On page 2, under your comment that budget 2012 did not hold public consultations, in case you are not aware why that occurred, the government didn't form any of the committees until the end of February. So I would ask you a question: What would you recommend be done about that?

Mr. Kim Jarvi: I'm not party to the complexity of what was going on, but it's absolutely essential that measures be taken to ensure that full public consultations are taken on such important matters as the budget. It's one of the most essential things in—you know, it's just essential.

Mr. Victor Fedeli: Would you recommend that before the budget is crafted or as we're doing it here?

Mr. Kim Jarvi: We need consultations before the budget. I would say that, in fact, consultations should have taken place over the Drummond report as well. They should have public consultations on the Drummond recommendations.

Mr. Victor Fedeli: On page 4, you talk about better ways to bring the deficit under control, other than cuts in the social services. In the same section, you also talked about nurse practitioners. Would you care to expand on that chapter on nurse practitioners and how you see that as bringing achievement to that goal of deficit wrangling?

Mr. Rob Milling: Nurse practitioners are among the innovations which have been proven to result in better health care as well as save money, which is the main point that we're making there. It's not necessary to just cut, if you're going to address issues like the deficit; that in fact there are structural reforms to the health care system which can in the long run save money but at the same time result in better health outcomes. Nurse practitioners are one of the examples. The nurse practitioner-

led clinics, of which there will shortly be 26 open in the province, are one of the great examples of that.

Mr. Victor Fedeli: Including one in the city of North Bay that I have had a tour of in the last three months. I thought that was an absolutely spectacular opportunity, and a great opportunity for the people of North Bay, who are short of a doctor, to be able to receive quality care.

You have an opportunity here in the remaining couple of minutes—you missed a couple of points on pages 7 and 8—if you care to look and delve into a couple of those paragraphs, so we can have it from you on the record.

Mr. Kim Jarvi: Thanks for giving us the opportunity.

The fiscal capacity, the management of it—that is, the revenue side—was off the table, essentially, for Mr. Drummond. In the budget, it was somewhat addressed. About 25% of the way that they addressed the deficit was through revenue measures. In our view, that's still not the kind of balance that we're looking for, because Ontario's per capita spending is about 11% below the rest of the country's, so it's not a suggestion that Ontario really has a spending issue. On the other hand, its revenues are about 15% below, as a share of GDP, what they were in 1994. Again, it's suggestive of the fact that there's room to enhance fiscal capacity. So that agreement that we had between the government and one of the opposition parties started to address that, but I think we need a more aggressive move in that direction.

The Chair (Mr. Bob Delaney): And that just about wraps us up. Thank you very much for having come in to present to us today.

MR. MICHAEL SMITH

The Chair (Mr. Bob Delaney): Our next presentation will be from Michael Smith. Good afternoon, Mr. Smith. If you've been here for a little while you know the ground rules. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning is from the NDP. Please state your name for Hansard, and then commence.

Mr. Michael Smith: Chair, Vice-Chair, members of the committee, my name is Michael Smith. I'm here today to say a few words about schedules 66 and 67 of Bill 55.

Schedule 67 deals with the Taxpayer Protection Act. This nasty piece of legislation is part of the Mike Harris legacy. Essentially, it decrees that the government cannot raise taxes, impose new taxes or delay scheduled tax increases without holding a referendum. It is a simple-minded and selfish law inspired by the idea that taxes are bad, government is bad and thinking about anyone but yourself is bad.

I don't think the people of Ontario accept that way of thinking. The Occupy movement, reacting to the financial crisis in 2008, has put the issue of economic inequality on the political agenda. Public opinion polls show that many, many people are concerned about the growing income gap between the rich and poor. Unfortunately, the budget does not address these concerns.

Fair taxation and wise government spending is an important and reasonable way to reduce economic inequality. Oliver Wendell Holmes said, "Taxes are the price we pay for a civilized society." Unfortunately, this understanding of the need for taxes is obscured by relentless anti-tax propaganda. For example, in explaining the need to reduce pension costs and benefits in the public sector, the finance minister said it's not fair to make a single mother earning \$14 an hour, with no pension, to pay even more of her tax dollars into the pension fund of others. I ask: Who is he kidding? Is anyone proposing higher taxes on those who are least able to pay?

Laws like the Taxpayer Protection Act that create obstacles to fair and reasonable taxation should be repealed. It's somewhat comical to me that the government must now legislate a small exemption to the Taxpayer Protection Act to postpone a scheduled decrease to the corporate tax rate.

The Drummond report commissioned by the government was not permitted to consider the revenue side, or the taxation side, of government operations. It seems to have been a way to prepare the public for an austerity budget. That seems to mean a budget that does not address the problem of economic inequality. I know other speakers today have told you how much healthier, peaceful and prosperous more equal societies are, and I think it's important that the budget should move Ontario in that direction.

Schedule 66 amends the Taxation Act to expand the government revenue sources that can be used to fund tax credits and benefits, including the child tax benefit. Unfortunately, however, the government proposes to save money by reducing the previously planned increase to the child tax benefit. Instead of increasing from \$1,100 to \$1,310, it will be increased to only \$1,210. This is not a wise decision. This is one way the austerity budget hurts the poorest. In addition, already low social assistance benefits available through Ontario Works and the Ontario Disability Support Program have been frozen. These steps perpetuate an already unacceptable and growing economic inequality.

I recommend to the committee that the Legislature consider how increased government revenue can be effectively used to move Ontario toward a more equal society; second, that the Legislature repeal the Taxpayer Protection Act; third, increase the child tax benefit this year to \$1,310. Thank you.

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The Chair (Mr. Bob Delaney): Thank you very much, Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much for your presentation today. Some of the items that you've mentioned have been addressed, or attempted to be addressed, by members of our caucus in our amendments to Bill 55, one of which is addressing the corporate income tax rate and the fact that over many years we've seen a reduction in the corporate income tax rate in Ontario. There's ultimately an ongoing debate in this House about whether our fiscal issues are of a nature of revenue or

expenditure. I certainly won't argue that an increase in taxation is an increase in revenue for provincial coffers, but I do argue that a decrease in taxation is actually an expenditure. I wonder if you can comment on that idea that as long as we are in a fiscal deficit situation and a budgetary deficit and a fiscal debt scenario, any tax decrease, whether it be corporate or personal, be considered as an expenditure.

Mr. Michael Smith: I don't know the specific implications of that consideration, but I do think that the public debate about the need to reduce taxes is not well reasoned at all. Taxation levels today are lower than they were 30 years ago. The idea of reducing corporate tax because, allegedly, it creates jobs hasn't proven out at all. So the idea of delaying the corporate tax decrease that was scheduled makes sense to me, but generally I and many other people are willing to pay taxes to create a more equal situation.

Mr. Taras Natyshak: One of the other amendments that was proposed by members of the New Democratic Party was an increase to the income tax rate of those in Ontario who earn over \$500,000 a year. That idea, that concept, was met with what I would consider wide support. Close to 80% of Ontarians agree that it may be time to take a look at an increase on those who have fared very well throughout our recent difficult economic times. What are your thoughts on that type of a position?

Mr. Michael Smith: I agree with that idea, but I understand that if you make over \$230,000, you're already in the 1% of our population. Certainly our civilized society has done much better for some than others. If you're doing so well, if you're in the top 1%—even in the top 20%—you should be willing to pay for the benefit that comes from having a well-ordered, civilized society. Health care, education, even the justice system and police protection—all of those things have benefited many people to a great degree. They should understand that they didn't make their fortune alone. If they were born in the Sudan or Somalia, they wouldn't be as rich as they have been in Ontario.

Mr. Taras Natyshak: Thank you.

Ms. Cindy Forster: How's our time?

The Chair (Mr. Bob Delaney): You've got a little under a minute.

Ms. Cindy Forster: Do you know what it would actually cost to increase the child tax benefit to the—

Mr. Michael Smith: Well, I read that they were attempting to save \$90 million.

Ms. Cindy Forster: Ninety million dollars. What kinds of impacts do you think that will have on families this year?

Mr. Michael Smith: Well, the people I've talked to said that it's been a very successful, useful way to raise people out of poverty, because it's a direct benefit to families who need it most. Of course, that money goes back into the economy. Certainly, there's probably a multiplier effect. It's one of those things about which, really, we shouldn't say, "That's going to be on the chopping block," where we can look elsewhere for either revenue or to reduce expenditures.

Ms. Cindy Forster: Thank you very much for being here today, Mr. Smith.

The Chair (Mr. Bob Delaney): Thank you so much for your contribution today.

MR. PAUL HELLYER

The Chair (Mr. Bob Delaney): It's our pleasure to welcome a Canadian whose reputation matches his physical stature. Our next presentation is by Paul Hellyer. Would you please come and share with us your thoughts and feelings? Just to recap, you'll have 10 minutes to present your thoughts before the committee, followed by up to five minutes of questioning. The rotation for questioning this time goes to the government. Please state your name for Hansard and commence.

Mr. Paul Hellyer: Thank you very much, Mr. Chair and members of the Legislature. Thank you for this opportunity. I'd like to take the first minute of my 10 minutes to explain what I hope we would not do and the other nine minutes explaining what I hope we would do.

The one minute would be that I hope we do not resort to casinos to raise money. As the founding chairman of what was then called the Canadian Foundation on Compulsive Gambling, I have seen what this does to people. It's a tax on the poor, and it results in a certain number of people becoming addicts, destroying their homes, destroying their lives and, in many cases, committing suicide. If all the facts and figures were put in the papers, people would lose their enthusiasm for using casinos as a substitute for other solutions—other better solutions, I might say.

Now the nine minutes. First of all, it's important to understand this business of balancing budgets. We all know from our personal experience that if we're spending more than we're earning, we have really two or three choices. We can reduce our spending, we can take a second job pumping gas or working at McDonald's or we can borrow. Those are the three choices we have, and it makes quite a difference, over the long haul, which of those three choices we opt for.

Cities and provinces have exactly the same three choices. They have to do one of those three things or some combination of the three things. The disadvantages of borrowing, of course, are that there's then an interest payment in the next year's budget, it's more difficult to get out from under and you have to raise additional taxes in order to pay the interest. That can sometimes be pretty much a dead end.

When it comes to the federal government, however, the situation is different. The federal government does not have to borrow money. It does not have to balance its budget in the same way that provinces, cities and individuals do. The federal government owns the patent to create money. It has the power to create money. It is in charge of the whole business of creating money.

The only problem is that it doesn't use the power that it has. That is the problem, and has been for a long period of time. Somehow, we have to get people to understand what is possible, who has the responsibility, how they

should exercise it, why they're not exercising it and how they must exercise it if we're going to dig ourselves out of the massive hole we find ourselves in at the present time.

I think a little economic history might help. I'm old enough to remember the Great Depression; I lived through it. In 1938, there were no jobs in Canada—none. In 1939, along comes the war. What happens? Pretty soon, everybody is working in a factory making munitions or in the armed forces. Unemployment was reduced to an all-time low of 1% in Canada—amazing. That all happened in a very short period of time.

So you may say, "Where did we get the money to do that?" Good question. The Bank of Canada printed it. That's where we got it. The Bank of Canada printed large sums of money and bought bonds from the federal government for cash. The federal government spent that money into circulation, which was the stimulus that got the economy growing. The cash wound up in the vaults of the private banks, where it was known as high-powered money. High-powered money, in those days, in the system we had then, was leveraged, and that increased the banks' ability to expand their loans and contribute to the expansion of the economy as well as to the war effort.

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That's the system that we had until 1974. It's the system that got us out of the Great Depression, through the war, and then financed the postwar infrastructure of the St. Lawrence Seaway, the Trans-Canada Highway and all these things, and laid the foundation for our vast social security network, one of the best in the whole world.

In 1974, the Bank of Canada, without so much as a by-your-leave, changed the rules. Our governor visited the Bank for International Settlements in Basel. While there, the central bankers decided they would stop lending cheap money to governments. It has been downhill ever since.

I'd like to just share with you how much that has cost us. From 1974-75 until 2010—hold your chairs, now—we have paid \$1.1 trillion in interest on money we have borrowed, nearly all of it unnecessarily. It didn't need to happen. Just think what we could do if we had that trillion to spread around now.

What I'm suggesting is, we have to adapt to the situation today as if we were in a depression era, which we are. We've had four years of this tepid, anemic growth, and we're going to have another four years unless we do something sensible for a change, and that's what I'm hoping we'll start doing right away.

My proposal is what I call "the Canadian solution." It's just a variation on what we did from 1939 to 1974. I would like the government of Canada to print 15 \$10-billion share certificates on Canada, and then, if necessary, to change the Bank of Canada Act, section 38—I'm not sure it's necessary, but if necessary, change section 38—to make the share certificates qualify as security under that section, for the Bank of Canada to create the money.

Once that's done, have the Bank of Canada create \$150 billion and deposit it in the bank accounts of the federal government across the country, with the understanding that it would be shared 50-50 with the provinces and territories on a pro rata basis. That means that Ontario's share would be about \$29 billion.

This would be enough to get the economy up and rolling, and after a year, we could see where we stood and what we had to do then. It would have a dramatic effect and it would offer new hope and new opportunities for the million young Canadians between the ages of 15 and 29 who are presently without jobs and without much hope of finding jobs.

Finally, why Canada first? The reason is because it's easiest for us to do. We've done it before, so we can do it again. We own our bank, which not all countries do. We own our Bank of Canada outright, thanks to the foresight of people in the 1930s. We can tell it what to do.

The government, at the present time, has a majority in both the Commons and the Senate, so there is no problem. They could put through the legislation required. That includes not only changing the Bank of Canada Act, if necessary, but changing the Bank Act to reinstate cash reserve requirements so that the money created would not be inflationary, which is the big bugaboo that people raise as soon as you talk about government-created money. It's not a problem. It's always exaggerated and always just nothing but an excuse. That could all be done in two weeks, with the majority in both Houses. The money could be in the government of Canada's bank accounts and passed down to the provinces within about two weeks—maybe three, if they wanted to be really slow about it.

The Chair (Mr. Bob Delaney): You've got a little under a minute to go.

Mr. Paul Hellyer: Pardon me?

The Chair (Mr. Bob Delaney): You've got a little under a minute to go.

Mr. Paul Hellyer: A minute? That's just what I need. That's what my notes here say. Thank you.

In my final minute, what I wanted to say is, not only would this be an incredible development for Canada, but it would be showing the leadership that is so necessary in the world today. I don't know if some of you heard the Prime Minister on television last night say how bad things were. It's a worldwide disease. The system that we have now is unstable and unsustainable, and it has to be changed fundamentally or we're just going to be in this mess for as long as you can see.

So if Canada took the lead, which it should, then the rest of the world would follow, one country at a time. The Europeans would have to change the Maastricht treaty and the Lisbon treaty, but they could do that and make the changes necessary so that the European Central Bank could come to the rescue of the countries that are on a pro rata basis.

Finally—

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Hellyer. Mr. Naqvi.

Mr. Yasir Naqvi: Mr. Hellyer, thank you very much for being here today. I had never thought that in my political career one day I would have the opportunity to sit across from you and hear you speak at a committee, so I really do appreciate that opportunity.

I have no questions for you. We've taken your submission and we'll definitely review it.

I wanted to take this opportunity on behalf of all members to thank you for your service to our great country—

Mr. Paul Hellyer: Thank you. I have some papers here which were to be circulated.

Mr. Yasir Naqvi: That's great. The clerk will definitely take that.

Mr. Paul Hellyer: You can't read it in a short period of time. I would urge you to read it, maybe once and maybe twice, and really get a feel for what this is all about. Because, unfortunately, there is about one person in every 100 who understands how the banking system works. That, unfortunately, includes the economists that we rely on, and they are, I would say, near the bottom of the list.

But take it, read it and if at the end of it you need any more inspiration, you can always get one of my books. A *Miracle in Waiting* is still available. I'm not promoting books but I am promoting these ideas, which have worried me for 60 years. It's the reason I went into politics in 1949. I've been worried about it ever since and I'm still worried about it until somebody does something about it.

Mr. Yasir Naqvi: Thank you, sir.

The Chair (Mr. Bob Delaney): And perhaps one in 100 might be a little bit generous. Thank you very much for having come in and for providing such an enlightened presentation to us this afternoon.

Mr. Paul Hellyer: Not at all. Thank you very much. It was a pleasure.

The Chair (Mr. Bob Delaney): Our next presentation is the Ontario Coalition for Better Child Care. Are they here? Okay.

Is the Medical Reform Group here? Okay.

This committee will stand in recess until five minutes after 5.

The committee recessed from 1659 to 1701.

ONTARIO COALITION FOR BETTER CHILD CARE

The Chair (Mr. Bob Delaney): Okay, the committee will return to order. Our next deputants are the Ontario Coalition for Better Child Care. If Katie Arnup and Kathlyn de Vera Dore are in the room, please come forward. Sit down and make yourselves comfortable. Thank you for showing up a little bit early. It does come to pass in government that we very often run meetings ahead of schedule, so this is one of those times. You'll have 10 minutes to make your deputation before us today, followed by questioning of up to five minutes. This round for questioning means that Mr. Shurman from

the PC Party will do the questioning. Please begin by stating your names for Hansard, and then commence.

Ms. Katie Arnup: Katie Arnup.

Ms. Kathlyn de Vera Dore: I'm Kathlyn de Vera Dore.

Ms. Katie Arnup: My name is Katie Arnup. I'm the campaigns coordinator at the Ontario Coalition for Better Child Care. I'm here with Kathlyn de Vera Dore, a parent-to-be, to speak on the critical issue of child care in Ontario.

I want to thank both the Liberal Party and the NDP for acknowledging the essential role that this sector plays in our communities and for continuing to come to an agreement to add funding to the provincial budget to sustain our child care sector.

The very fact that child care was allotted new funding reflects just how neglected our sector has been for many years and the crisis point that we had reached. Experts across the province warned of a complete collapse in the absence of funding.

For many years, provincial funding, which supports child care subsidies, has been flatlined. In order to continue to provide critical services for Ontario families, child care programs have been forced to increase their fees. Now, most child care spaces cost more than the average family can afford. As subsidy wait-lists grow—over 20,000 here in Toronto—centres experience vacancies and risk closure.

While we support full-day kindergarten, without money to stabilize child care programs and transition to the role of caring for younger children, the cost of offering care to children and families will simply continue to grow.

We are not the only ones who fear this collapse. Our sector is united that \$287 million is the amount needed to stabilize Ontario's existing programs. So while we acknowledge the funding proposed, it is roughly one third of what is needed to save the sector.

We still see child care centres close today, not because children and families don't need the care but because the cost is too high for the neighbourhood families.

Most at risk are child care centres in low-income neighbourhoods. Programs such as Progress Child Care, Bond Child and Family Development and the Rainbow Centre in rural Atikokan remain on our at-risk list of centres.

Meanwhile, at a time when colleges should be expanding and enhancing their ECE programs to educate the next generation of ECEs for Ontario's early learning program, we see them closing their lab schools, a devastating loss of high-quality child care for the surrounding community and an important learning opportunity for students in that program. Loyalist College has just announced the closure of their high-quality program.

What's more, we will continue to see qualified and hard-working early childhood educators underpaid and undervalued. We will continue to see child care staff leave child care in order to make enough money to support their own families. And we will continue to see

families struggle to find high-quality, affordable, not-for-profit child care for their children.

As a result of lack of options, some parents will stay at home, devastating our economy. But most parents who still need to and want to work will find someone to watch over their children. Some children will be left watching TV for hours at a time in unlicensed care, meaning the children themselves will suffer without the great early learning that would have given them the best start in life.

We know that, right now, four out of five Ontario kids are in this position, and it won't get better without an investment from our government. With exciting new changes in full-day kindergarten and the move of child care to the Ministry of Education, this is an opportunity for the government to invest in our children and in the province's economic future.

I would like to now invite Kathlyn de Vera Dore to talk about her personal experience.

Ms. Kathlyn de Vera Dore: Thank you, Katie.

My name is Kathlyn Vera Dore, and to be frank, I am worried about the future. I have just completed my ECE diploma at George Brown and I will be continuing my education in the early childhood studies degree program at Ryerson University.

I've always been aware of the lack of funding for affordable child care through the eyes of an early childhood educator. I have seen the impacts on programs and also on families. I've met parents on wait-lists and those having trouble affording care. Now, at five months' pregnant, the crisis in child care feels far more personal. How am I going to find a good child care space if there are only spaces for one in five children? My odds are not looking great. But with a shortage of qualified ECEs to work in the field, Ontario needs me to work in the early learning and child care sectors. And if I find a space, how is my family possibly going to afford the cost? Do you know how expensive infant care is? It's not out of the question to pay \$18,000 for infant care.

If you don't think that child care keeps families awake at night, you're wrong. It really does. It keeps me awake now, and my baby isn't even born yet. A bit of funding here, a bit of funding there, like that proposed in this budget, just keeps putting patches on a broken child care system. We need real funding for affordable, high-quality, not-for-profit early learning and child care for every single child who needs it. That's why we are here today. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Let's see. Mr. Shurman?

Mr. Peter Shurman: Thank you very much, ladies. I appreciate your presentation. I don't disagree with you, but I try to look at the parameters that I've got when making judgements on what's affordable and what's not. I'm not a member of the government; I'm sitting opposite the government. So I'm interested to hear from you more than just what is needed; I'd like to know where you think it should come from. Where do we get this money?

Ms. Katie Arnup: I mean, obviously, we continue to put pressure on the federal government. We were pretty

darn close to a national child care system at one point, and we still have dreams of the provinces other than our own having access to that. But in the absence—it's not just a question of where; it's investing in your future. Countless economic studies have shown that investing in child care is good for the government and there will be immediate returns. If you want people to get back to work—and you talk about creating jobs—there needs to be somewhere for their kids.

Mr. Peter Shurman: I don't disagree with you. And this is not an argument, this is a conversation. It's a conversation we're having with you and a number of other people. I think we wish that we could have had this conversation before the budget—which is Bill 55—was ever presented, but now we're having a conversation before we have a final two hours of debate in about a week or 10 days' time and basically pass it. Yes, there will be some amendments, which is why we were interested in what you have to say and what other people have to say. But the difficulty that we've got in this province—I'm not apologizing for it; I'm a victim of it as you are—is that we have a government that is using right now about \$10.6 billion per year just to finance interest on the provincial debt. Can you imagine, if we didn't have to pay that interest, what we could do? Child care would just be one of the things we could do. We could do many, many other things. We have a \$15-billion deficit projected in this year's budget. So next year we'll pay even more interest.

I'm not playing the violin for you. I recognize that your issue is caring for your unborn child, and yours is caring for your children, and ours is caring for all children, but I just don't know where to find the money. This is the problem that besets us. So yes, you can look to the federal government, all the rest of it, but at the end of the day—you've heard the expression—there's only one taxpayer, and I think he and she are tapped out. So what do we do? Where do we take the money from to fund what you consider to be your priority?

Ms. Katie Arnup: No, I hear you and I agree. I guess one of our main warnings is, what will we do if we lose our entire child care sector? What will we do if we lose this entire infrastructure that the province has been building for 100 years? There are quality programs—Bond has been around for 74 years, taking care of families in downtown Toronto. If we don't step in, we will have to start from scratch.

Mr. Peter Shurman: Okay, but you're making a case—for example, you've praised all-day kindergarten. And yes, in a perfect world it's a great idea. You know that my party, which I notice you didn't mention earlier—because we were not party to what transpired between the NDP and the Liberals, and for a purpose. If we had followed Mr. Drummond's recommendations—he wasn't working for us; he was working for the government—and we had scrapped all-day kindergarten, we could have taken care of children and had all of that money available, plus then some, to do what you want and maybe we would have been able to implement full-

day kindergarten two years down the road, if economic conditions continued. Would you have favoured that?

1710

Ms. Katie Arnup: Scrapping all-day kindergarten?

Mr. Peter Shurman: Because we only have so many dollars.

Ms. Katie Arnup: That wouldn't have actually saved child care, and his ideas would not necessarily have spread out to care for all children zero to five. We are constantly saying that focusing only on fours and fives leaves out children up until four, but taking away programs that are essential and that right now are setting a precedent for something universal for Ontario kids is not moving in a positive direction.

Mr. Peter Shurman: Thank you very much. We appreciate you appearing.

The Chair (Mr. Bob Delaney): On that note, we are out of time. Thank you for having come in and shared your thoughts with us today.

MEDICAL REFORM GROUP

The Chair (Mr. Bob Delaney): Our final presentation prior to our recess is going to be from the Medical Reform Group. Janet Maher and Ritika Goel, if you're in the room, please come up and join us.

Ms. Janet Maher: Good afternoon. My name is Janet Maher and I'm an administrator with the Medical Reform Group—

The Chair (Mr. Bob Delaney): Okay. Just before you get started, you'll have 10 minutes to make your presentation to us, followed by up to five minutes of questioning. This round of questioning will come from the NDP. I would like to ask committee members: This presentation has asked permission to videotape their deputation. Would anyone have objections to that being done, so long as the person doing the videotaping remains right there?

Okay. Please state your name for Hansard, and commence.

Ms. Janet Maher: My name is Janet Maher. I'm the administrator of the Medical Reform Group. Dr. Ritika Goel will make our presentation today.

Dr. Ritika Goel: Thank you. Members of the Standing Committee on Finance and Economic Affairs, thank you for this opportunity to speak to you about the 2012 provincial budget. I'm here representing the Medical Reform Group, a volunteer association of physicians and medical students which has advocated for over 30 years to improve the health of people in Canada. My name is Ritika Goel. I am a public health professional and one of Ontario's 11,000 family physicians serving Ontarians on the front lines.

I'm here to talk to you today not just about the budget but about the health and well-being of people in Ontario and a vision for the kind of society we want to live in. I want to talk to you today about the difficulties that Ontarians have accessing medications, the need to use our health care providers to their full potential, the need

for a discussion on revenue generation, and finally, a conversation about our democracy.

I see patients regularly who cannot access medications. When medicare was founded in Canada, we decided that physician and hospital services were medically necessary but not medications. This no longer fits with today's reality of chronic diseases, which require medications for us to treat patients properly. Almost one in five Ontarians have no drug coverage. This means that my patients ration their medicines, so their treatment does not work properly. This causes unnecessary complications which are costly to the system. On top of that, such practices lead to problems like antibiotic resistance, meaning the drugs we already have become even less effective.

What we need is a national pharmacare program. Not only would this be the fair and equitable way to ensure that all people in Ontario have access to medicines; it's also the smart thing financially. Canada's spending on drugs is second only to the US, and most other industrialized nations have included medications as part of their universal health care systems. We should too.

The United Kingdom has substantially lower health care expenditures than Canada. The major difference is actually their lower spending on drugs. The two countries use the same amount of drugs per capita, but the UK has included medicines as part of its universal health care plan. This means that they can take advantage of wide-scale price negotiation, bulk purchasing and a common formulary. For the same patented brand name drug the UK pays 10% less, and for the same generic drug they pay 20% less than we pay in Canada.

A report entitled *The Economic Case for Universal Pharmacare* explores these very points and found that a national pharmacare program could lead to \$10.7 billion of savings for Canadians. While the provinces and territories are currently working to set a common price for medicines on the public provincial drug plans, this is not national pharmacare. It does not reach the same purchasing power for price negotiation or bulk purchasing. It does not address the administrative issues of having multiple payers. It also does not help the one in five Ontarians who do not currently have access to medicines.

We support the Drummond commission's recommendation for bulk purchasing and agree with the Senate, the Canadian Medical Association, the nurses' associations and various royal commissions in declaring our support for a national pharmacare program.

Second, we support the Drummond commission's recommendation to use our health care providers to their full potential. I have worked in excellent interdisciplinary teams where patients are seen by nurse practitioners or registered nurses and I'm available as a consultant. In rural Ontario, this is commonplace. We should permit our highly skilled health professionals to do all they can do. While this does mean a culture change in the health sector, I can say as a recent graduate that the current training in our professional schools encourages team-based interdisciplinary care. These models work, they make sense and they save money.

Third, we wish to applaud the NDP's contribution to this budget in introducing a 2% increase in personal income tax for all those earning over \$500,000. More such conversations must be had. By now, we all know that income inequality has been growing over the past few decades in an unprecedented manner. Between 1980 and 2009, controlling for inflation, the top 20% of earners saw a 38.4% increase in their incomes as the middle fifth saw a 0.3% loss and the bottom fifth saw an 11.4% loss.

We also know that income inequality is bad for your health. The poorest fifth of people in Canada are two to four times more likely to suffer from chronic diseases like heart disease, chronic lung disease or mental health problems than the richest. We're living in times when average people in Canada are told that they must endure cuts to their public services and an austerity agenda, while governments successively cut corporate and personal income taxes.

Canada's corporate taxes are the lowest of the G7 countries, and Ontario's corporate tax rate is the fourth-lowest in the country. We recommend eliminating the planned further corporate tax cuts, saving \$800 million. We also recommend building on the 2% increase for those making over \$500,000. That's a start, but we can do better.

Finally, on the point of democracy and accountability, we are very concerned by schedule 28 in this bill. Schedule 28 seeks to give the province sweeping powers to privatize Ontario government services, which could include public hospitals or OHIP itself. We denounce this section of the bill, both in support of public sector workers whose rights must be protected and to maintain the accountability of public services to the public. There's a large body of evidence that shows private funding and for-profit delivery of health care is more costly and of poorer quality, and it worsens inequity.

I also say with some disappointment that this provincial budget has come through an extremely undemocratic process. We've had no pre-budget consultations, the Drummond commission was hired to give recommendations on cuts without any conversation about revenue generation, and even now, this opportunity to present before you comes for only four and a half days in only one city with very short notice. While we are grateful for this opportunity, this is not how our democracy should function.

So I ask you now: Why is it that in Canada, a country with supposedly universal health care, I see patients who are unable to access the medications that I prescribe to them? Why are we not using our health professionals to their full capacity? Why are we not having a discussion about raising revenues, given growing income inequality and increasing tax cuts? Finally, how do we ensure that these decisions are being made in a democratic and accountable fashion? Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Forster.

Ms. Cindy Forster: Thank you very much for being here today. You know that our party, the NDP, certainly

doesn't support privatization of health care in any form. We currently have some privatization, particularly around the home care sector, and we know that some of the money that should be used for home care is actually going to support somebody's profit. Do you support the current government moving back to a not-for-profit home care sector, and what do you think the benefits to our patients here in Ontario would be?

Dr. Ritika Goel: What we've specifically spoken about in this testimony is a fear of further privatization in terms of schedule 28, and we're definitely very clear in wanting to denounce that as being part of the bill. In terms of home care, I'm not sure if we specifically have a statement, as the Medical Reform Group, but I would think we would.

Ms. Janet Maher: One of the principles of the Medical Reform Group has been that there is no room for profit in health care, and so we've always supported not-for-profit care throughout the sector.

Dr. Ritika Goel: I can tell you, in general, that there has been research done comparing for-profit and not-for-profit, in terms of hospitals and in terms of dialysis facilities, and there has been some work in terms of home care as well. It shows very similar things in terms of quality, there being lower quality when there is a profit motive and health is not the bottom line; and also a higher cost to the patients.

1720

Ms. Cindy Forster: I know you talked about a national pharmacare program, which our party has been supporting for many years at a federal level. Do you think that there's some need for some regulation as well to curtail costs in the pharmaceutical industry and in the medical supply industry?

Dr. Ritika Goel: Yes. I think that's sort of what comes out of being able to institute a national pharmacare system. Those are conversations that you can have when you've got more purchasing power and you've got more weight when you're discussing these things with the pharmaceutical industry. So absolutely, we would support that.

Mr. Taras Natyshak: Thank you, Dr. Goel. Thanks for your submission. I couldn't agree more with the aspects that you touched on. In 2003, the federal government commissioned a report by Roy Romanow, who touched on many of the aspects that you spoke about. Why has it taken so long for various levels of government to acknowledge the need to implement not only a national pharmacare program, but a national bulk buying strategy, potentially, and also a national home care strategy? What have been the roadblocks to that discussion at a broader level?

Dr. Ritika Goel: I think part of that is that it would be helpful if there was federal leadership on such a thing. I think that's something that leaves us in a difficult place. I know currently, the provinces are taking things into their own hands in terms of moving forward with discussing price negotiations, but we feel that that needs to go further. We can't just stop at having price negotiations

only for the public plans, because if you don't bring all of the drugs under one plan, you're losing that opportunity to actually negotiate prices in an appropriate manner.

Mr. Taras Natyshak: And could you tell me what the effects of schedule 28, if it were fully implemented within the context of Bill 55, would be on the patients who you see on a day-to-day basis?

Dr. Ritika Goel: Well, I think if schedule 28 was implemented in the manner that it privatized our public hospitals, made them for-profit or privatized our OHIP and handed it over to a US-based HMO, it would be disastrous. It would be the type of situation that we see in the US, where people are put behind profits, and their health care access is determined based on their ability to pay rather than their needs. That would be disastrous for my patients.

Mr. Taras Natyshak: I just did a quick search of medicalreformgroup.ca. You submitted a paper, *Paying for Health Care in Canada*. Section 4.2: "Elimination of the private health insurance subsidy"—do you have any awareness of that provision here? "Governments should seriously consider elimination of the private health insurance subsidy. Because the subsidy is proportional to the highest income tax rate paid by an individual...." Can you expand on that? Were any of you a part of this?

Ms. Janet Maher: I can briefly speak to it. I don't know the details, but the point is that under our income tax—I think this is both corporate and personal income tax—you get tax reductions or tax—

Mr. Taras Natyshak: Credits.

Ms. Janet Maher: —tax credits for paying for private health care.

Interjection.

Ms. Janet Maher: We don't support that.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for having come in to present your thoughts and ideas, and for sharing them with the committee this afternoon.

That concludes our list of deputants for this particular session. This committee will stand in recess. I think everybody knows from the clerk where we go from here. May I ask that everyone make an effort to come back here by 6:15? If we're able to get under way a little bit early, then perhaps the Chair will work with the deputants to see whether or not we can recess again before 9 o'clock tonight.

We're in recess.

The committee recessed from 1725 to 1823.

The Chair (Mr. Bob Delaney): Good evening. Welcome back. We are here to resume our hearings on Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

MR. WAYNE OLSON

The Chair (Mr. Bob Delaney): Our first presentation is Mr. Wayne Olson, whom I understand is in the room. Please step forward, take a seat, any seat. They're all equivalent, the mikes all work. You'll have 10 minutes to

make your presentation to us, followed by up to five minutes of questioning. The rotation will start this evening with the government. Please begin by stating your name for Hansard, and then proceed.

Mr. Wayne Olson: My name is Wayne Olson, I'm a Toronto resident. I understand you have something like 130 deputants to get through, so I thank you for your attention and your patience, and I appreciate the opportunity to address the committee today.

I'm an architect, business owner, development adviser and a small builder/developer in my professional life. I've been a shareholder and a principal in small and large architectural firms, and I currently act as a real estate adviser to private clients on projects from \$2 million to \$400 million in value.

I consider myself to be both tax- and bottom-line sensitive. However, I do recognize that without a healthy and well-funded society, my opportunities to succeed in business and to enjoy my personal and family life will be compromised. Accordingly, I wish to add my voice to those citizens who may be advocating for our provincial government to adopt, as a key policy goal, the reduction of economic inequality in Ontario and to amend the key provisions of Bill 55, specifically schedule 67, the Taxpayer Protection Act, to promote and permit this objective of working towards greater economic equality in the province.

There is a growing consensus that income and wealth gaps are increasing in many parts of the world; certainly in our neighbour to the south, but also within Canada. As the middle class has been somewhat hollowed out and personal and corporate tax rates have been significantly pared back over several decades, capital gains exemptions are sustained for the wealthy and austerity programs are implemented that disproportionately affect the poor. Growing disparities in economic equality—essentially gaps in income and wealth—within a society create circumstances that, in my opinion, are unfair and unhealthy for those struggling at the bottom. Despite trickle-down theories, there is a pretty wide understanding that income gaps contribute to poverty, that poverty is a social justice issue and that addressing poverty should be a key responsibility of all governments.

UK researchers and authors Richard Wilkinson and Kate Pickett collected exhaustive statistical information for their book *The Spirit Level*. Their analysis shows that societies with greater economic inequality—where the total earnings of the top 20%, by their measure, are large multiples compared to the total earnings of the bottom 20%—rank progressively worse in a range of social and health indicators.

For example, out of 20 Western developed countries, the United States had an income gap ratio of over eight, ranking it highest in terms of economic inequality. America also had the worst rates of homicide, imprisonment, infant mortality, obesity and teenage births, and ranked in the bottom fifth of those countries with respect to lifespan, education and illegal drug abuse. Sweden, Norway and Finland ranked lowest in terms of economic

inequality, with the top 20% earning about four times the bottom 20%, and had the best overall ranking in terms of social and health problems.

Canada is ranked in the middle in terms of economic inequality, with the top 20% earning about six times the bottom 20%. We also ranked in the middle of the 20 countries in terms of social and health problems. But Canada's income gap is growing, according to a just-released report you may have heard about today from the University of British Columbia economics department that concludes that wealth concentration among our top 1% has almost doubled since the 1970s. Accordingly, we might look south of the border for a preview of where our social and individual health indicators could be trending.

Though economic disparity disproportionately impacts the bottom 20%, we all pay the price. Higher rates of violent crime and drug abuse are linked to economic inequality and have impacts and costs that spill over to all of us, both in terms of policing and health care and also impacting one's sense of safety and well-being. In countries with extreme inequality, like Brazil, where my daughter recently visited in the last couple of years, many of the top 20% live in gated communities and have armed guards.

Social unrest and responses using police to retain order can also be linked to inequality. The anger expressed by the Occupy movement, catalyzed by what most see as outrageous wealth and increasing disparity generated both before and after the 2008 economic collapse, continues to simmer in many parts of society. Further discontent is stoked by resulting disproportionate police-state-style overreactions to protests or vandalism such as we saw in Toronto's G20 summit.

For several decades, corporate and personal tax cuts and cheap labour have been accepted as being the main prerequisite for economic competitiveness. I think it's time to challenge that presumption. Director of the Martin Prosperity Institute at the Rotman School of Management Richard Florida makes the case that attracting and holding on to the creative class is key to high-value job creation and future economic growth. This highly mobile demographic seeks places where social and health indicators are positive and communities are perceived as safe, healthy, and diverse. I connect the dots: It follows that reasonable levels of economic equality are key to long-term economic prosperity and competitiveness.

The negative connections between economic inequality and societal well-being are, by themselves, disturbing enough. Even more concerning is the perpetuation of poverty from generation to generation within families and cultural groups. In the past, at least some of those living in poverty in Canada were perceived as having significant opportunity to change their circumstances through education and hard work. As education becomes more expensive, and living wage work is harder to come by, subsequent generations get trapped in poverty. Margaret Wentle asks in a recent *Globe and Mail* column, "Have We Become a Caste Society?", noting, "Inequality has soared, and that should worry everyone." She goes on

to state that outcomes are generally grim for the children of poor single mothers and for men who have become detached from the workforce.

So what changes should be considered to the 2012 and future budgets being addressed by Bill 55? The Ontario government deserves acknowledgement for past and present policies that either directly attack or mitigate the effects of growing economic inequality. These include progressive increases to minimum wages, implementation of all-day kindergarten, off-loading of some costs from municipal governments and recent post-secondary tuition grants.

However, in other areas this budget fails to support policies that would reduce economic inequality and, in turn, bolster the long-term social and economic health of our province. Ironically, though, governments have become expert at convincing lower-income citizens, primarily, to chase their dreams through gaming and lotteries. They seem unable or unwilling to advocate for the achievement of our shared vision of a prosperous and healthy society through adequate and fair taxation.

1830

With minor exceptions, this budget does not incorporate progressive tax adjustments that would permit the maintenance or creation of significant equality-enhancing programs. For example, the budget freezes welfare rates for the year, after a 1% increase last year, well below the 24-month cost-of-living increase. According to the *Toronto Star*, a single mother with two children on welfare will continue to live on an income that is 56% below the poverty line. In my view, this is unacceptable.

As a personal and business tax payer, I'm prepared to pay more for a more equal society. I ask that the *Harris-era Taxpayer Protection Act* be amended to permit not only the proposed 2% surtax on those earning over \$500,000 but other adjustments to taxation and tax exemptions that will allow this government to fund vital programs that are critical for the long-term health of our communities and our province.

I thank you for your time and attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Mr. Olson, for coming this evening and speaking to us about the budget. From listening to your submission, I take it that you support the government's decision to freeze the corporate tax rate and the business education tax?

Mr. Wayne Olson: Yes, I support the freeze on corporate tax rates. I would actually advocate for a trend that would slightly increase corporate tax rates.

Mr. Yasir Naqvi: You also support imposing a 2% higher tax on those who make \$500,000 and more?

Mr. Wayne Olson: Yes. I don't believe that it's enough, but I think it has started the conversation. I think it's an important indicator of where we should go.

Mr. Yasir Naqvi: What are your views about the suggestion that we should reduce or take away HST from home heating?

Mr. Wayne Olson: I don't have a specific opinion on that. I think the important thing is the overall trend

towards addressing income inequality, so the budget credits and tax increases should be targeted to that purpose and they should be looked at through that lens. I don't know specifically whether that would help me more than it would help someone who is in greater need.

Mr. Yasir Naqvi: You mentioned that you are an architect.

Mr. Wayne Olson: Yes.

Mr. Yasir Naqvi: And help build homes for people with high incomes.

Mr. Wayne Olson: Sometimes, yes.

Mr. Yasir Naqvi: So you will agree that reducing or eliminating HST from home heating is going to unequally help those who live in bigger homes and use more heating than those who are poor.

Mr. Wayne Olson: Yes. Generally, yes, in terms of dollar value.

Mr. Yasir Naqvi: Are you supportive of government's initiative in giving a targeted reduction in post-secondary education tuition fees for those who are low income to mid-income?

Mr. Wayne Olson: Yes.

Mr. Yasir Naqvi: Great. Thank you very much for your time. I really appreciate it.

The Chair (Mr. Bob Delaney): And thanks for taking the time to come in and to speak with us this evening.

Mr. Wayne Olson: Thank you.

ONTARIO HEALTH COALITION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Health Coalition, Natalie Mehra. Good evening. Have a seat, make yourself comfortable. I know you've done this a few times before.

Ms. Natalie Mehra: That's right.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning, this time from the official opposition. Please state your name for Hansard and proceed.

Ms. Natalie Mehra: Thank you very much. My name is Natalie Mehra. I'm the director of the Ontario Health Coalition. Thank you for having us here tonight.

I guess I have to start with a process question. We actually had an emergency board meeting of our board of directors today about this legislation. In the strongest terms possible I need to register our deep concern about the process.

The Ontario public has never been given a choice or been warned about the very significant budget curtailment that is happening in this budget—the austerity budget. This approach to budgeting was never raised during the last provincial election. There were no pre-budget hearings during the winter. The Drummond commission had no public process and is not accountable in any way to the public for the accuracy or veracity of its claims.

And now, we are given four and a half days of budget hearings in Toronto only, with very little notice and very little ability for people to have time to get their

submissions together properly. This is just not in the public interest. It doesn't serve for making good policy. It's not the first time that we've been rushed like this and it ought not to be the regular process.

In terms of the substance of my presentation, I think you've heard from regional local health coalitions from across the province earlier today and will some more as the hearings go on. Our concern is primarily this: Despite the rhetoric from government, health spending is not eating up the provincial budget. It's shrinking, not growing. It was 47% of provincial spending in 2002, down to less than 42% today. We are now second-last in the country in terms of health care funding. That's on a per capita basis and as a percentage of our GDP. Those are the reasonable measures of whether health spending is out of control.

Certainly, health spending as a proportion of GDP in Ontario has room to go up, even just to be at the average of the rest of Canada. If you take the aggregate shortfall and per capita funding of health care in Ontario compared to the rest of the country, the shortfall is actually very significant. It amounts to almost \$6 billion a year. Most of that, if you look at the figures, really comes from the shortfall in hospital funding. Ontario has reduced hospital funding as a percentage of provincial health care spending every year since 1981—we went back to 1981—and probably before that. It used to be 53% of the budget; it's now down to the 30s. At this point, the evidence is very clear that hospital cuts have gone too far.

What then, if health care is not eating up the provincial budget and, at 42%, it's declining? If you look at all government funding of all programs and services, in fact Ontario is now at the bottom of Canada. So our health care wouldn't even be 42% of the budget if we didn't spend so little compared to our counterparts across the country on all programs and services. This is not a question of spending being out of control. The provincial deficit is clearly—the evidence is clear that it is both a creation of tax cuts since 1995 and the recession of 2008. I've given you a chart from economist Hugh Mackenzie that shows that the cumulative impact of the tax cuts on the fiscal capacity of the province since 1995 is now minus \$15 billion per year: the amount of the provincial deficit. The consequence of this underfunding in health care is profound for Ontario patients.

I want to give credit where credit is due. This government has made very significant improvements in health care: in access to primary care—the supply of family doctors, nurse practitioner-led clinics, family health teams, primary care reform; in reducing wait times across the board for all kinds of surgeries and procedures; and in dramatically increasing the number of diagnostic tests that the province does. But where Medicare is shrinking, where we have not caught up with demand, with need in Ontario, is in longer-term care, in all of its settings.

Ontario has cut 18,500 hospital beds since 1990, the deepest cuts of any jurisdiction we could find. We now

have the fewest hospital beds per capita in Canada; we're fourth from the bottom of the entire industrialized world. We have more than 30,000 people on wait-lists for long-term care across Ontario, according to data from the Ministry of Health, and more than 10,000 on wait-lists for home care. Despite the rhetoric from the health minister, these are not trade-offs; they are just straight cuts. The funding for home care has never kept pace with the hospital cuts. Moreover, services that are being cut now are not replaceable in home care. You don't replace the closed outpatient pain clinic in Guelph with home care. You don't replace the neonatal intensive care baskets in Windsor with home care. You have not replaced the services cut in Northumberland with home care. You don't replace the acute-care beds, the surgeries, the emergency departments in Niagara with home care. They're not commensurate and it doesn't replace those cuts. These are straight cuts to health care, and they impact seniors and people with chronic illnesses the most. The consequence is in hospitals: people waiting on gurneys in hallways; in emergency departments; ambulances unable to unload because the hospital is full; patients not being able to be admitted from ERs because there's nowhere to admit them to, as there are no beds; surgeries cancelled, when people fast all night and now travel in great distances for their surgeries, because there are no beds for them to recover in; people discharged from hospital without home care, waiting for weeks or even months for home care. The median wait times for home care range from a week in some places to months, half a year or three quarters of a year in other places in Ontario. There is significant unmet need, and funding needs to provide for the needed health care services of Ontarians. That is our commitment under the Canada Health Act.

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I just want to end with two other points. There are other alternatives. We asked Hugh Mackenzie to do an analysis of the employer health tax. He looked at it and in fact this recommendation was at least in part supported by Drummond in his report. If you were to close the two major loopholes of the employer health tax, and I'm happy to fill you in with more details on that, that would generate \$2.2 billion a year without a tax increase.

Finally, schedule 28 of this act: This schedule sets up a kind of über-privatization minister. This minister has the power to override other ministries, including the Ministry of Health. In section 10 of schedule 28, it specifically refers to hospitals; it's not clear to us whether this schedule would allow this über-privatization minister to override existing legislation such as the Long-Term Care Act. Lawyers are warning that it would allow an override of the public insurance act and allow the privatization of medicare. It certainly appears to allow the for-profit privatization of the administration of health care services in Ontario with no checks or balances.

It is completely inappropriate, has no place in a budget bill and has nothing to do with the budget, frankly. It's social policy and, as such, should be withdrawn. If the

government wants to bring in a privatization act, then it should do so in the next session of the Legislature, subject to proper and robust debate and proper process.

That's it.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. McNaughton.

Mr. Monte McNaughton: Well, thank you very much, Natalie. It's good to see you. I think the last time I saw you was at Four Counties Health Services in Newbury or possibly in Strathroy. Glad to see you're continuing to fight for rural hospitals, in particular, since I represent a rural riding.

I just wondered if I could talk to you a bit about and get your opinion on health care being top-heavy. We are seeing waste in health care as well, when it comes to Ornge and eHealth—you know, a growing bureaucracy in health care. I just wondered if you would give me your opinion on the LHINs and where that has gone wrong or where it's working, if you support that.

Ms. Natalie Mehra: Thank you for the question. I think Ornge, actually, should be the warning about schedule 28, frankly. I mean it is a prime example of contracted-out services going terribly awry with very little transparency and very little public accountability until the opposition really has pushed it—in the public interest, I have to say.

In terms of health care being top-heavy, I'm just completing a cross-province tour, 15-town tour, and in every community, people are livid about the executive salaries, about the tiers of administration, about the consultants' reports, about the corruption and scandals. They really are looking for some concrete measures to get a handle on those things.

In terms of health care reform that could contain costs, that's one piece. I think there are other pieces, for sure, dealing with over-prescription and poor prescribing practices, over-ordering of tests, reforming home care—cornerstone—stopping the P3s. There are a variety of things that need to be done.

In terms of the LHINs, they only have 2% budget power anyway, so they are just another tier of administration, and they're fatally huge. The size is fatal. Their mandate, which requires them to endlessly find opportunities to consolidate services, is antithetical to the desires of people in Ontario and the need to access health care services. They have a flawed mandate and a flawed size. They're very problematic.

That being said, we support a regionalization of a different sort—with democracy, of course.

Mr. Monte McNaughton: Great. I know in south-western Ontario recently, we saw a former hospital CEO in London getting a \$1.2-million retention bonus on top of his salary of almost \$1 million a year. We saw that whole scandal break as well. I wondered if your organization has an opinion on the doctors' negotiations that are happening right now, the OMA negotiations?

Ms. Natalie Mehra: Our position is this: What we consider to be the primary public interest is whether or not there are services being delisted that are needed

health care services. We are in the midst of having the physicians we work with assess the list of delistings to see if that's the case. We've been told by the Ministry of Health that there is only one service that's being delisted that's used and it's obsolete, but we're checking that out.

In terms of the process, I think everybody has a problem with the process—that over the weekend the move toward going to conciliation was dropped. I think that is not broadly in the public interest. Other than that, we don't have a position on the rollbacks in terms of doctors' fees for radiologists and for cataracts.

Mr. Monte McNaughton: Thank you very much. We have no further questions.

The Chair (Mr. Bob Delaney): Thank you very much, Natalie, for taking time out to come and see us this evening.

MR. DOUGALL GRANGE

MR. PETER CURRIE

The Chair (Mr. Bob Delaney): Our next deputation will be Dougall Grange and Peter Currie. Gentlemen, welcome to Queen's Park. It's nice to see you. Thanks for coming out this evening. If you've been here for a little while, you've got the ground rules. You've got 10 minutes to make your remarks, following which you'll receive up to five minutes of questioning. This time the rotation begins with the NDP. Please state your names for Hansard, and commence.

Mr. Dougall Grange: My name is Dougall Grange.

Mr. Peter Currie: I'm Peter Currie.

Mr. Dougall Grange: I was a private investigator, and I used to do litigation support services. I now make my living as a licensed paralegal, primarily in small claims court. My colleague here, Mr. Currie, is a full-time searcher of public records. He knows more about rambling around in archives and at the Ministry of Government Services than anybody I know. He also knows about the difficulties.

Notwithstanding the fact that I have a degree in economics, I have come here to speak to you about the technicalities of searching, and some of the changes that are attached to this bill. Specifically—I've passed out a small bundle—what I want to talk to you about is some rather technical stuff so it might be a good idea to follow along.

The basic outline of my submission—we put this together very quickly, and I apologize now for typos etc. At tab 2 of my submission, you'll see some seemingly innocuous changes to the Business Corporations Act, the Business Names Act and other acts. These are the governing statutes that require the Ministry of Government Services to collect and maintain business information and make that information available to the public for searching.

What we find here—I have included in this the changes together with copies of the bill the way it is now. Because we were rushed, you will find the changes that

are on the third page of this submission stapled behind it. These changes are very minor and apparently innocuous, but allow for—well, I don't know who is going to be making the decision along the line as to who can search what and when and in what manner. It doesn't really specify that. Frankly, this scares the hell out of me.

The governing statutes, as they now are—I'm sorry, I don't know when they were originally crafted—basically state that the information collected in these databases are to be collected and made publicly available by anyone, and anyone can take a look at this information and gather any extracts from this information freely and apparently unfettered.

Historically, the fact of the matter was that the technical limitations to searching were associated with the technical way in which the information was collected, i.e. pieces of paper presented to the minister and then finally put on to microfiche. But since 1992, the project has been under way and all this information is now being collected and kept and put in databases.

With the advent of the computer, we can now look at these databases. It's possible to look at these databases; I'm here to complain that we can't look, I want to be clear. It is possible, and I have been made aware, that the police have access to look at these databases by using search keys such as the name of a corporate director; in other words, I'm going to get a list of corporations with a particular person as corporations.

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Now, when you're in the business of tracking down crooks when everything has gone bad, this is the sort of investigation tool that you need. What these changes—at tab 2—to these acts basically are doing is entrenching the technical search difficulties that no longer exist. They say things like, "You can search for a document." Not an extract, so you have to know the name of the document you're looking for, so you can get the correct spelling of somebody's name. Well, that's helpful under some circumstances, but when you're trying to conduct an investigation—and I'm talking about fraud, misappropriation of money, things that I'm tripping across every day more and more in Ontario and it's becoming a real problem. The difficulty we have: I march these people down to the police and the police tell these victims, "I'm afraid it's a civil matter." Well, as their civil representative, then, I need to get the same sort of access that the police do to these records, and these are public records.

To that end—now, before I start on that, I want to make a few comments, one on the compendium to this act that deals with a lot of these changes. I've read it. There's nothing substantial in it. There's no justification that I can see in here that tells us why this is being done.

We're very fond of making applications under the Freedom of Information and Protection of Privacy Act in Ontario because we can't seem to get our hands on anything. We've asked this ministry for a copy of the briefing notes. I think in a day or two days—

Mr. Peter Currie: Two days.

Mr. Dougall Grange: In two days there will be a deemed refusal. We've gotten no response at all. You

people are members of the government. If somebody could tell me if anybody has seen such a thing, let me know. I'd be very pleased to discover whether they exist.

On the issue of what is the appropriate public policy in this area—I'm an avid reader of the Economist magazine, having gotten a six-year B.A. from York University in economics. At tab 4, there are a couple of very recent articles from the Economist which discuss this issue. On page 1 there's a bit of a blurb. I'd like you to read it. I'm not going to read it to you; I haven't got much time. On the second page, under the title, "Not My Job," they talk about the issue of police. It's not just in Canada; it's not just in Ontario. This is going on around the world.

On the third page in the second article there's a short statement of what the public policy on this issue should be, and I don't know anybody who seriously disagrees with this, that "limited liability is a concession—something granted by society because it has a clear purpose. It is unclear why in parts of the world anonymity became part of the deal." I don't think anonymity was ever intended, but it was because of technical limitations. Now, for some reason, these acts seem to want to entrench that anonymity, and for the life of me I cannot figure out what the policy reason is.

Further on this, there was a report, further evidence of the correct public policy on this. I'm just a private citizen, so I have to reach out. There was a voluminous report commissioned by the World Bank called The Puppet Masters: How the Corrupt Use Legal Structures to Hide Stolen Assets and What to Do About It. Included in my report, at tab 5, is that small section from within that report, together with the—and this report, by the way, is available online in its entirety—report on what government regulators should be doing and how they should be undertaking it. In this report they make it clear that they should be expanding accessibility to this information; it is very important. For instance, if it was very cheap to get a copy of a corporate profile report, if I was hiring a contractor and I could go online and for a buck I could get a copy of it, and I discovered that this company has only been around for a year, I could start asking questions. Another question I might like to ask is, let's put the name of the director in there and see how many companies he's run under in the last five years, and maybe I'd know whether or not I should be doing business with this guy in the first place. So if this government is trying to save money and wants to keep blighters like me from spending the time and money of the court resources, if we could pre-investigate who you're dealing with, you are less likely to get involved in litigation. No, I can't offer you any statistics on that, but having been in the field for 30 years I think, as a civilized society, it's just a good idea. I suggest you review that. Again, I'm not going to take you through that.

Now, as I said, Mr. Currie and I have been interested in getting access to more sophisticated searching products. We have not—

The Chair (Mr. Bob Delaney): You have just a little under a minute to go.

Mr. Dougall Grange: Okay. We were unable to get access to this, so we engaged the ministry in litigation, using the freedom of information protocols. Copies of our litigation materials, their submissions on that—"their" being the ministry's—are included in our response submissions.

The ministry has taken the position that some of the information in the corporate data registries is private. That's madness. There's no statutory justification for this, but these people believe it and now they want to contract out this stuff to somebody when they don't even know what it's for. It's going to be a disaster.

The Chair (Mr. Bob Delaney): And on that thought, Mr. Prue, if you have a question or two, the floor is yours.

Mr. Michael Prue: Well, I do, but I'm so intrigued. My first question is, do you need some more time, because I can cede my questioning time to you if you want to do that.

Mr. Dougall Grange: I think—the materials are here, if you want to actually read this stuff, and please do. This is very, very important stuff, and it's going to slide under the radar and we're all going to pay for it for years and years to come. So the stuff is here.

Mr. Michael Prue: Now, I'm very concerned as well, as you are, about a government that wants to contract out or privatize public records and allow private corporations, some of whom won't even be in this country, to look after this stuff.

Mr. Dougall Grange: Well, the concern I have is not necessarily that you've got a private manager; it's how you've done it. We've been working for years with this ministry, and these are the guys who brought us Tera-view. These are the guys who brought us OnCorp and Cyberbahn. Look at tab 10. We put together a little price comparison about what the average public person has to go through to get a corporate profile report in Ontario. I would love to have done something on the land registry stuff, but we didn't have time. We found out that you were going to be hearing from us on—

Mr. Peter Currie: Prices in Ontario are hundreds of percentiles higher than everywhere else in the country.

Mr. Dougall Grange: Everywhere else in North America—we are so far more expensive than everybody else.

Mr. Michael Prue: Yes. I don't see Ontario listed on tab 10.

Mr. Peter Currie: Oh, it's on the following page, after the front page.

Mr. Dougall Grange: Yes, you've got to go there.

Mr. Peter Currie: That's the price list there. It's \$29 to do a corporate search for one year in Ontario. It costs nothing in Newfoundland, nothing in Nova Scotia, \$3 in New Brunswick, nothing in PEI.

Mr. Michael Prue: Okay.

Mr. Peter Currie: I could go through here at length if you want all the numbers. We can't do an investigation in Ontario.

Mr. Dougall Grange: I believe there is a service provider in BC, and you can see that their charge is \$1.68, which I think is a \$1.50 plus their applicable taxes for the standard reports.

Now, what we're talking about here today is more exotic searches as well, but all of this stuff is in front of you. We have a great deal of expertise on these three sections, because we're engaged in this litigation. But all of this—it's an access to justice issue, and nobody seems to be able to get their hands on access to justice. I see it every day, and I could tell you about it, but I'm going to need a hell of a lot more than the 10 minutes you're prepared to cede to me. I'd need 10 months. It's all of these little provisions in these little statutes and these little picayune things. The cost of these investigations sometimes stops litigations in their tracks.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: Thanks for being here. I have to tell you that we don't understand what the purpose of these changes in legislation is either, so we're probably the wrong party to have this actual issue in front of us to ask questions on. Really, it should be the government that is telling you why they're making these changes, and it isn't—

Mr. Dougall Grange: With respect, I don't think anybody in this room on every side understands what it is. I think, with the greatest respect, that Peter Currie and I understand a lot more about this than any elected MPP. This is nonsense going on from inside the ministry. They don't understand what they're for, and there's no political oversight. This is just not a big enough issue. Nobody is paying attention. I'm here to say—

Mr. Peter Currie: It has nothing to do with the budget.

Mr. Dougall Grange: I'm here to say that the ramifications are crazy. Call me—whatever—I'll talk to you. I've given you this. You can see the litigation that's in front of you. This is the best we could do in a day and a half, and I'm sorry about that.

Ms. Cindy Forster: All right. Thank you.

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The Chair (Mr. Bob Delaney): A 10-tab report in a day and a half is pretty impressive.

Mr. Dougall Grange: We were already engaged in a litigation, so we had some of this stuff at our fingertips. The typos are all my fault and the missing pages are his.

The Chair (Mr. Bob Delaney): I like your attitude. Thanks for having come in this evening and for sharing your thoughts with us.

Mr. Dougall Grange: Thank you.

CANADIAN PENSIONERS CONCERNED INC., ONTARIO DIVISION

The Chair (Mr. Bob Delaney): Our next presentation will be Canadian Pensioners Concerned Inc., Ontario division: Gerda Kaegi, Sylvia Hall, if you're in the room. Good evening. Have a seat. Make yourselves comfort-

able. The clerk is distributing the material that you gave us.

You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning, this time from the government side. Please begin by stating your name for Hansard and proceed.

Ms. Gerda Kaegi: I'm Gerda Kaegi, and my colleague—

Ms. Sylvia Hall: Sylvia Hall.

Ms. Gerda Kaegi: We're here to represent Canadian Pensioners Concerned, which has been around since 1969.

What I have done is attached our speaking notes to the brief we submitted to Dwight Duncan in February in the hopes that it might have an impact before the budget was finalized. You've given us a chance to speak to what's happened and to that brief, so we will reference that brief rather than repeat what you have in front of you.

We're very grateful that you've invited us, and we recognize the complexity of the situation the government is facing. We wish to draw your attention to a very few key points. First, we would say that in our brief, paragraph 2 is where we set out an argument about what one does or does not do in recessionary times, so with high unemployment and fiscal deficits.

Then I go on to discuss—and not in the brief, but since we wrote the brief, the federal government budget came down. We're extremely concerned with the implications of that budget on costs for the government of Ontario. You would be well aware of them: the environmental issues, the increases to criminal penalties, cuts to services, cuts to First Nations communities, the future of medicare, changes to OAS/GIS—just a few of the issues. They will have an impact on the government of Ontario.

Thirdly, we believe in paying taxes. It may surprise you, but we held a forum at the St. Lawrence Centre on the benefits of taxation, and we had a very good house—very interesting. We believe in supporting those who need and support public services. We see roles for the non-profit and for-profit sectors, but they're different. The government should not assume that all citizens resent paying taxes for much-needed public services.

The other general comment I'd like to make is about the attitude today. People are saying, "If I don't have a pension or good wages, why should you?" This is socially and economically destructive. Why are we in the rhetoric that attacks workers who hold good jobs? It is coming from all levels of society and, in our view, has to stop.

I'll turn to our recommendations. Revenue and taxation policies, recommendations 1 and 3: We agree it's incumbent on all of us to bear the burden of coping with these difficult times, but we do not accept the idea that everyone should equally share that burden. We argue that changes be made to revenue and taxation policies, and we are pleased with the limited moves to tax very high incomes, but we believe this could be extended proportionately.

Public services: We have recommendations 5 to 7 in our brief. We at Canadian Pensioners Concerned, almost

all of us—but not all—on the board lived through a wage freeze and came out at the other end, the Rae days; better a wage freeze than job losses. We argue that working with the civil servants to identify efficiencies and improve effectiveness is the way to go.

Then we look at employment and underemployment. Those are our recommendations 8 to 12. There, I'd like to draw your attention to the special difficulties faced by recent immigrant communities, those coming after 1981. We are failing to use their energy, their skills and their desire to contribute to build Ontario in the ways we should. In particular, recommendation 11 refers to that issue.

We then go on to look at health care, which is recommendations 13 to 19. We are arguing that we must turn from the total focus on the cure system to that of health promotion and disease prevention. It is far wiser to work to avoid ill health in the first place. We cite the anti-smoking campaign, how successful that has been, and we are starting to see the reduction in lung cancer, especially among men; unfortunately, women took it up later and are still paying the cost.

Health care in Ontario and in Canada is in great need of change, and we argue there are excellent examples, both in Canada and outside, of what we can do to be more effective and efficient and with better outcomes. Home care is the way to go, not institutional care. We all know this, but it takes courage to bring it into place. You will note our strong support for the role of nurse practitioners and family health teams.

We also again want to draw special attention to our recommendation 19, which addresses the threat of CETA, the comprehensive European trade agreement. It's going to have a direct impact on the cost of prescription drugs. Please, please, unite the provinces. You've got to stop this element in that agreement, if you can.

On education, our recommendations 20 to 21, we've less to say here, as we are supportive of the actions of the government today. However, we do suggest a rethinking of the policy of universal support for post-secondary students, with the idea of targeting those limited funds to students in the greatest need.

Finally, we come to the area of poverty, our recommendations 22 to 23. There we have extensive quotations and documentation about the impact of poverty on our society. I'd like to frame our ideas in three ways.

The human cost: Poverty is the denial to Ontarians of the opportunity to grow and develop to their full potential and contribute to society. We know the burden of ill health and premature death is found disproportionately among the poor.

Then there is the financial and economic cost. There have been dozens if not hundreds of internationally recognized studies on the cost of poverty in financial and economic terms. That's page 6 in our brief. The fact that the government's budget has severely limited the low level of benefits for those who are at the bottom of our income ladder is unacceptable to us, as it means that the poor suffer the consequences more heavily than other groups.

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Finally, we'd like to draw your attention to something people often don't talk about, and that's the face of poverty. We must recognize where the highest burden of poverty lies: racialized communities, women, First Nations people, people with disabilities and single mothers with children—

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute.

Ms. Gerda Kaegi: I have finished. Thank you very much.

The Chair (Mr. Bob Delaney): Okay, thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming this evening, and thank you for your very comprehensive presentation to the committee. I wanted to pick up the discussion around health care that you were talking about. I agree with everything you were saying. That is, our focus needs to be more on care in the community, more in terms of home care as opposed to institutional care, be it long-term-care facilities or hospitals, which tend to be more expensive and not the healthiest option available.

I would be very interested to hear your point of view on the government's action plan to transform health care, which focuses on moving funding from institutional care to more community-based, patient-centric care provided by the not-for-profit sector closer to where we all live. Do you think that's the right direction?

Ms. Gerda Kaegi: Absolutely. It's been something we've been calling for for years. What I'd like to do is just give you an example. I'm sorry; I can't remember the date. Denmark hasn't built a long-term-care home since—I think it's the late 1980s. They're aging. They have people with chronic illness, older people with dementia. They're cared for in the community. It's cheaper, it's better, it's better for the individual.

We strongly support the move, but we don't want to see it targeted to alternative-level-of-care beds, which has been the policy up to now. Home care is targeted to get people out of hospital—not to meet the needs of those who have chronic needs—and better supported in their homes.

Mr. Yasir Naqvi: Yes, I think that's a good point you make, and that's one of the things that the action plan talks about, making sure those who have chronic conditions get care at home.

Ms. Gerda Kaegi: Yes.

Mr. Yasir Naqvi: And recently, as I'm sure you support, the Minister of Health announced three million more hours that will help 90,000 people to get care at home.

Prescription drugs is the other issue that I want to talk about, because you speak in your submission to that. Your views on the government's decision to reduce generic drug prices down to 50% and now to 25% of the brand name and taking that money and putting it in front-line care?

Ms. Gerda Kaegi: We subscribe to the documentation from the Patented Medicine Prices Review Board. Our

generic drug prices are not massively out of line. They weren't with the 50% cut. They're trying to save money; that's fine.

But what we are concerned about is the patent drug industry has never met its commitment since Prime Minister Mulroney extended the patents when he was in power in Ottawa. The Patented Medicine Prices Review Board identified the clear drop of investment in Canada for research and development, whereas the generic drug industry has increased its investment and has become a major employer in Ontario.

So one has to be careful you don't kick down the industry that has created jobs, research and development here.

Mr. Yasir Naqvi: Thank you very much for your thoughtful comments. We really appreciate it.

Ms. Gerda Kaegi: Thank you.

The Chair (Mr. Bob Delaney): Thank you again for coming in to see us this evening.

We are awaiting the arrival of the next deputant. If I can ask committee members to stay close to here, we will begin as soon as the next deputant checks in. Until such time, the committee is in momentary recess.

The committee recessed from 1916 to 1920.

CANADIAN UNION OF PUBLIC EMPLOYEES

The Chair (Mr. Bob Delaney): Our committee can come back to order. We welcome our next deputant, the Canadian Union of Public Employees and Fred Hahn. You have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation will see you questioned by the PC Party. Thank you for coming in and getting started a few minutes ahead of schedule. The floor is now yours. Please identify yourselves for Hansard and proceed.

Mr. Fred Hahn: Sure. Good evening. My name is Fred Hahn. I'm the president of the Canadian Union of Public Employees in Ontario. As you may know, we are the largest union in the province. We represent workers in every community, in municipalities, in hospitals, in long-term-care settings, in social services like child care and community living, and in thousands of other workplaces like our public schools and our universities all across Ontario.

The 2012 budget imposes cuts to each and every one of those services, and there will be loss of jobs that will worsen our economy and our way of life. Because of this budget, school boards are already issuing layoff notices to hundreds of our members who are support staff. Some schools are even slated to close. Hospital beds will also close and health care staff will be laid off. This is what is called an austerity budget. It is entirely wrong-headed. In the name of trying to help the economy and slay the deficit, it will do the absolute opposite, and today we are providing you a very detailed examination of why austerity budgets are wrong-headed and what the economic

alternatives might be, by investing in the economy through jobs and public services.

Now, I want to say congratulations to the NDP for dragging the government kicking and screaming to actually raising taxes on the most wealthy in the province, but our members remain shocked that the government would refuse to use the extra revenue generated to actually save services that they rely on in their communities. That being said, it's become clear that inside this huge budget implementation bill is buried a schedule, schedule 28, which represents an enormous shift in power away from MPPs like yourselves, placing in the hands of cabinet and, in fact, even a single cabinet minister yet unnamed, the power to decide, behind closed doors, to sell any crown corporation; to sell any asset like a highway, the liquor control board; to privatize the delivery of any service; to even turn over the health care insurance delivery to a US-based HMO—all could be done without ever putting it before the Legislature, a debate or a vote.

We were so shocked upon reading this schedule in this bill that we sought outside legal advice just to see if we were right, because we just thought it was too crazy to be believed. So today with me is Mr. Steven Shrybman from Sack Goldblatt Mitchell in Ottawa, who has thoroughly reviewed schedule 28 of Bill 55, and I'm going to ask him now to present the highlights of his findings, which you have before you.

Mr. Steven Shrybman: Mr. Chair, members of the committee, it's a pleasure to have this opportunity to address you. It's been a while since I've been in this room. I used to work in cabinet office years ago.

I've reviewed schedule 28, which is the government services and service delivery act—I think that's the way that it's styled—though it might more appropriately be called the privatization of all government services and assets without notice act, or “we no longer have to be accountable to the people of Ontario with respect to the stewardship of government services and assets,” because under section 2 of the act, as I'm sure you know, cabinet is empowered to empower a minister to enter into an agreement with any person or corporation, domestic or foreign-owned, to privatize any service provided by the government of Ontario, and indirectly, through section 29 and section 30, any asset that belongs to the people of Ontario. That authority may be conditioned with requirements to provide notice, to consult, to explain to the people of Ontario why the privatization makes sense in the government's view, but there's nothing in the act that requires any of that conditionality. It simply authorizes the cabinet to create a privatization tsar; that would not be an inappropriate way to describe the authority that this individual would have to operate freely with regard to the privatization or sale of government services and assets without notice, oversight or accountability.

What is even more remarkable is that under the act, this minister is empowered to step into the shoes of any other minister of this government with respect to regulation, permitting or licensing that concerns government

services and, indirectly, assets. That's section 26. The only authority the minister—this super-minister, the privatization-czar minister—would not have is the authority to manage appeals or other limited powers that are available to the Minister of Health or the Minister of Government Services or any other minister.

It's a remarkable power to invest in one individual who may operate free of the constraints that would apply to the minister responsible for health services or the minister responsible for managing provincial forests. For example, under the Commitment to the Future of Medicare Act, it would not be possible, in our view, for the Minister of Health to contract out the provision of government health insurance services, the group of services that OHIP provides, because doing so would offend the requirements of the Canada Health Act and also of provincial legislation because, under those regimes, the health insurance system of the province has to be publicly administered on a not-for-profit basis. But notwithstanding the fact that the Minister of Health wouldn't have the authority to contract out those services, say, to a US-based HMO, as dramatic and as radical as that might seem to many of you to be—and I would agree with that characterization; it's permitted under the act, as Fred has indicated—this minister would have the authority to do so, notwithstanding the constraints of other provincial statutes.

It's a rather remarkable statute. I've never seen anything like it before. I can't believe that its implications were thought through by the government. I understand that its genesis might have something to do with the government's thinking around Service Ontario, but in no way is this statute limited to the services provided by Service Ontario. It simply applies to all government services and all public assets.

The other aspect of the problems that we foresee arising from this legislation that I comment on briefly in the opinion that I prepared that you have before you arises in consequence of Canada's obligation under international trade and, indeed, internal trade agreements that make it very difficult for a government to retrace its steps once it travels down the path of privatization, and foreign investors become involved because of the extraordinary rights that foreign investors exercise under international trade agreements. You, I'm sure, are familiar with the exercise of some of those rights and the recent challenge under the WTO to the Green Energy Act in Ontario and other challenges that have confronted Ontario under NAFTA, or Canada, in relation to measures taken by the government of Ontario—even more reason to be very cautious and prudent about any privatization decision that a government might make, to think it through very carefully, to explain to the people of this province why it makes sense in the government's view to travel down that path and how it has taken into account the consequences of privatization, particularly in light of the binding constraints of international trade agreements.

All of that analysis leads us to conclude that the prudent course would be—

The Chair (Mr. Bob Delaney): Just to let you know, you've got a bit more than a minute.

Mr. Steven Shrybman:—to remove section 28 from the bill. That would be the only step, in our view, that would be consistent with the very rudimentary principles of good government that I know you all adhere to and respect. Those are my comments.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, gentlemen, and thank you for the presentation.

It seems to me that your presentation comes down to two things. You began with the issue of what you described as an austerity budget—I don't think we share that, but we'll talk about that in a minute—and the issue of privatization, which—I'm not going to put words in your mouth, but you probably think that my party might have written schedule 28, but it didn't. We have concerns with the schedule as well.

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Let's talk for a moment about austerity. This is a budget that actually is consistent with every other budget in the province of Ontario, in the sense that revenues are up, year on year, as they have been in every year, including the worst year, 2008-09, during the depths of the recession. It is a budget that, if interest were a ministry, would rank third, at \$11 billion—imagine what services that could buy, if that were available—and it's a budget with a deficit of \$15 billion.

First of all, I'm interested in your amplifying a little bit on why you call this an austerity budget. Please don't make the answer "because it doesn't spend 7% more, year on year, which every other budget of the McGuinty government has." The point is, they're trying to do—and I take my hat off to them—what we would like to see done, which is we've got to stop spending out of control. You don't seem to share that view.

Mr. Fred Hahn: No, absolutely not. This budget removes \$7 billion from public programs—health care, education, public universities. It will result in job losses at a time when you say, and we would agree with you, that we should have a focus on the provincial deficit.

We've seen around the world, and in other parts and jurisdictions of this country, that this kind of austerity budgeting actually creates a cycle where there's increased job losses, increased unemployment, fewer people paying taxes, less revenue. What we have been advocating for some time, and what our brief would advocate, if you have a chance to read it—it is a bit long—is that there is a different way to do it.

It talks about strategic investments in public services that people rely on, particularly at a time of economic challenge and hardship. It talks about job creation, both in the private sector and in the public sector. It talks about revenue generation for government, in order to pay for that, by taxing people and corporations who can well afford to pay more in taxes to provide services that in fact create a good environment for business and are good for the economy. That's a cycling up—

Mr. Peter Shurman: Okay, so look—

Mr. Fred Hahn: That's what we should be doing.

Mr. Peter Shurman: —I'm interrupting you only because we have five minutes, Fred.

Mr. Fred Hahn: That's the opposite of austerity.

Mr. Peter Shurman: We have five minutes; I'm interrupting you not to cut you off. So you're advocating the funding to come from increased revenue by increased taxation.

Mr. Fred Hahn: Yes.

Mr. Peter Shurman: Okay. Let's move on to the other thing. I read your letter and I read the accompanying legal opinion in full and found it quite interesting. If schedule 28 were modified so that the government could, on a more limited and less—I'll use your word, sir—czar-like basis, privatize some aspects, which would of course impact some of your members, because if we're going to ask you and other interested parties to tender for services, which I think is what schedule 28 implies, would that satisfy you? Or do you want this to go away altogether in any incarnation?

Mr. Fred Hahn: We want it to be removed from the bill. Privatization actually—I mean, in general our union, our members, are against it, and not just us. Economists around the world have demonstrated time and again how the privatization of various services actually ends up costing government more. It means that there's less oversight and control. You, as an elected official, accountable to your members in your riding, will have less control over these services. That is fundamentally wrong in our democracy, and doesn't make sense economically. We think it makes no sense. We think it should be removed in its entirety from Bill 55.

Mr. Peter Shurman: We could have quite a discussion on this, but as I've said, there's limited time.

I'm going to give you an example—we've heard from people in the medical sphere, and we'll hear from many more of them. There are elements of the medical system, the health care delivery system, that are already privatized, and I'll give you an example—you've used it, by the way, as have I—medical imaging. It's very largely the case that if you were told by your doctor to go get an X-ray or a CAT scan, you would be going to a private—

The Chair (Mr. Bob Delaney): Mr. Shurman, you're going to have to sum it up, because he's going to need a few seconds to answer.

Mr. Peter Shurman: —a private clinic. Is that something you disagree with?

Mr. Fred Hahn: Yes.

Mr. Peter Shurman: Wow.

Mr. Fred Hahn: That was simple.

Mr. Peter Shurman: I'm absolutely amazed, but I thank you for the opinion.

The Chair (Mr. Bob Delaney): Thank you very much for having come in this evening to share your thoughts and opinions with us.

Mr. Fred Hahn: Thank you. It went by so quickly.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Bob Delaney): Our next deputation will be the Ontario Public Service Employees Union: Smokey Thomas and Paul Cavalluzzo.

Good evening—

Mr. Smokey Thomas: I brought my lawyer just in case you give me a hard time.

The Chair (Mr. Bob Delaney): Good evening, gentlemen. Make yourselves comfortable. As you probably are aware—we know that you've done this a few times before—you'll have 10 minutes to make your comments, followed by up to five minutes of questioning. The questioning rotation will see your questions asked by the NDP.

Please begin by stating your names for Hansard, and then continue.

Mr. Smokey Thomas: My name is Warren Thomas—Smokey Thomas—president of OPSEU, and I have with me Paul Cavalluzzo. Do you want to state your law firm?

Mr. Paul Cavalluzzo: Cavalluzzo Hayes Shilton McIntyre and Cornish is the name of the firm.

Mr. Smokey Thomas: We used to get 20 minutes when we lived in a democracy.

Anyway, this budget: In OPSEU we value four things. We value lots of things, but four things more than any other: quality public services, good jobs for all, tax fairness and a fair and equal society, and sound fiscal management—none of which we see in this budget.

I won't go over the ground that Fred went over because he covered it very well, but I would like to point out a few fiascos of government: the Ornge fiasco, Andersen Consulting, the 407, Penetang super jail, Teranet and William Osler hospital. ServiceOntario could be lumped into that group if they actually are foolish enough to go ahead and do that.

The reason we say the budget is unfair is it doesn't do anything in there that I can see to create jobs, to create what I call a real investment climate for small and medium-sized businesses, and for Ontarians. Simply sell it off to the highest bidder, usually a foreign interest.

So on ServiceOntario, Mike Gravelle misled the public on that—or the Premier, I guess: He said it's two thirds privatized. That's simply not true. We represent 77% of the members that work in that outfit, and I think AMAPCEO has probably got about 10%. That leaves about 13% private. I wish politicians would just tell the truth now and again; that would be quite a refreshing change for a Liberal. That is pure folly.

I'll answer your question on privatization before you ask me. I'm not afraid of anything. I'm not afraid of privatization. The first principle would be that you must be able to prove to me that it saves the taxpayers money and will protect the service. Every business person and every politician I've ever put that to and said, "Give me proof," you know what? They just dismiss the question and say, "Oh, you've got a fat-cat pension," and they never answer the question. Do you know why they don't

answer the question? Because it doesn't save the taxpayers money. Privatization simply does not save the taxpayers money. In very rare and limited cases, I would agree when you show that it does save the taxpayers money—there are very few, very limited.

But privatizing ServiceOntario will not save the taxpayers money. It creates a return on investment for the government of 10 to 1. So for every dollar the government spends, they get \$10 back. It's \$270 million a year to run it and it brings in—what?—\$2.7 billion. Why you would want to give that away—it's like the LCBO.

As I've said to the Premier, Dwight Duncan, Tim Hudak, Andrea Horwath, "Why would anyone consider selling the goose that lays the golden egg?" It's one thing to sell the golden eggs, but quite another to sell the goose off. Then you no longer have that revenue stream. ServiceOntario does not make sense to privatize.

I've met Bob Stark, the CEO. I've not seen anything put in front of me that convinces me that it should be privatized. Frankly, I wouldn't be averse to a crown corporation of sorts, except I don't have a lot of confidence in the Liberals to be able to manage it. I call them the masters of half-baked and half-delivered programs.

But just on ServiceOntario, I'm going to ask Paul to speak to some issues that we have because there are parts of it that are privatized right now to an American company, and we have some very serious concerns about the Patriot Act. Paul?

Mr. Paul Cavalluzzo: Thank you, Smokey. Our concern is a real privacy concern. That is, if the services of ServiceOntario are contracted to a United States corporation or a subsidiary of an American corporation, there is a real and significant risk that very crucial personal information which is maintained by ServiceOntario will be subject to compulsion by what's called a FISA court, a foreign surveillance court, under the Patriot Act.

The problem, of course, apart from having personal information of Ontarians compelled to be produced in an American court, is that this is done in secret. The individual or, indeed, the government of Ontario will not be given notice if this personal information of Ontarians is compelled to be produced in this secret court. Of course, this violates basic privacy and constitutional protections which Canadians expect that we have under the Charter of Rights and Freedoms.

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This is a real concern. It's a concern that was expressed in British Columbia by the privacy commissioner out there when a similar contracting out was discussed. We bring it forward because, once again, these are constitutional protections which Ontarians reasonably expect, and it seems to us that if this kind of service is contracted out to an American corporation, then we will be subject to a secret court in the United States, which is an invasion of our sovereignty, apart from our privacy expectations. Thank you.

Mr. Smokey Thomas: One last—I'd like to give a shout-out to the harness horse industry that the Liberals are just decimating as we sit here. I'd say to the gov-

ernment, if you're going to create jobs, how do you create jobs by ripping up old agreements and lawful contracts? It doesn't speak well to their integrity by any stretch. So I give a shout-out and I hope that the government and, most notably, the two opposition parties fall in behind the Ontario Harness Horse Association and support their efforts to see some fairness there, because there are 30,000 to 60,000 jobs on the line.

I've heard the Premier say publicly that he'd be willing to fight in the election on this budget. Well, my message for the Premier is that we're willing to fight in the election for increased fairness, for increased equality and to have this budget not do any more harm than in its current form.

I wrote the Premier in 2010 and in 2011, before the budget, and asked him to apply a fairness test to the budget. I've never gotten a response to those letters. All I simply want is for the government to apply a fairness test to see if it's fair to people, to see if it's fair to business, and they don't appear to want to do that. This budget—in my notes it says it's unfair; I simply call this budget cruel.

Thank you. I'd be happy to take some questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Prue? Ms. Forster?

Ms. Cindy Forster: Around the Patriot Act issue, I was actually at the presentation by the privacy commissioner this week for her annual report. She's doing an investigation right now of a complaint we made about the moose tags being serviced out of Tennessee. But she made the comment that a well-put-together contract with the person you're contracting with could protect the privacy rights of Ontarians. What do you have to say about that?

Mr. Paul Cavalluzzo: I disagree with that totally. I was the commission counsel on the Arar inquiry, and I know that when American national security agencies feel that there is a vital interest at stake, any Canadian contract—indeed, any Canadian statute—will not stand in their way of seizing the information they want.

I'm not imputing bad faith to American agencies; it's just that they feel that when it's in their vital interest, they will take the information.

Mr. Michael Prue: I have a couple of questions here. The Ombudsman weighed in this morning on section 28 and how he felt it was going to usurp the power of the Ombudsman's office and take away ordinary citizens' rights to make complaints. Have you considered that at all?

Mr. Smokey Thomas: Actually, yes. I would absolutely support all the Ombudsman's observations. In fact, I've been lobbying the government to move the Psychiatric Patient Advocate Office over to the Ombudsman's office and actually give—I think the Ombudsman should have far greater powers to look—anywhere the government spends money, they should be able to go in and audit, which is currently not the case. This budget bill would certainly reduce that once again. Why would we bother having transparency, accountability, democracy or any kind of openness?

I said this when the Tories were in power, and now that the Liberals are in power: Here in Ontario and Canada we may not really know what we are, but we know we're not Americans. So I say to any politician who wants to give stuff away to American companies, if you want to be an American, go there and live. I won't miss you. I think Ontario would be a better place for it without American influence.

But the Ombudsman should have far more powers than they currently have.

Mr. Michael Prue: I'm really intrigued by ServiceOntario. You said there's a 10-to-1 ratio in terms of how much money is brought in versus what is spent to actually service it. This morning, we had someone from the harness industry who showed us, I think quite brilliantly, how the casinos in Ontario have lost money since 2007, since even before the recession started, and it's the horse racing industry—that and lottery tickets—that actually brings in money to the OLG. Is this government—I don't understand. The two things that make the money, ServiceOntario and the horse racing industry, they want to can in order to adopt something that is likely going to lose them money.

Mr. Smokey Thomas: I understand this much about the casino when it's in the finance minister's riding—I'm not trying to imply that it has anything to do with it, but he did say he likes that casino and he didn't like the horse track. Those casinos made money before the Americans caught on here and built casinos on the border as well. It's a myth—I think it's just pure folly to think that everybody who went to those three horse tracks they closed are going to go to the Windsor casino. It didn't work that way. They were in playing the slots because they also went to the horse races, right? The only gambling I ever do is about two bucks on a horse now and again, because I do like horse racing. But it's just pure folly because those casinos are money losers. Windsor is the one they should have closed.

I heard a business guy tell me one time, "If you're going to get rid of assets, you should get rid of the ones that lose you money and not the ones that make you money." That's why I say that sound fiscal and prudent management—I don't see that. So I agree with you, Michael. They lose money. They won't make money.

Mr. Michael Prue: Do I have any time left?

The Chair (Mr. Bob Delaney): You might if you can squeeze a question and an answer into about a minute.

Mr. Michael Prue: Into a minute? Okay. You also talked—let me just find it here. Do you have one real fast? Because I've only got a minute.

Ms. Cindy Forster: I do.

Mr. Michael Prue: Go ahead.

Ms. Cindy Forster: Actually, we have Mr. Cavalluzzo here, so I just wanted to weigh into the arbitration process and the changes that are being proposed in the budget around the arbitration process, and having to have awards within a year and how that's going to affect the neutrality of the process.

Mr. Paul Cavalluzzo: One thing that international law requires is that we have fair, independent and im-

partial arbitration. In Ontario, we have a group of arbitrators that are very, very experienced and very expert in the area, and the more criteria, the more constraints you put on arbitrators, the unfairer the process is going to be. Obviously, the government feels the system isn't working, but there are far better ways to deal with how arbitration should be conducted in this province than what we find in this bill.

The Chair (Mr. Bob Delaney): And on that note I want to thank you very much for having come in and shared your insights with us this evening and to acknowledge and thank you for your presentation.

SEIU HEALTHCARE

The Chair (Mr. Bob Delaney): Our next presentation will be SEIU Healthcare Canada, Eoin Callan and Abdullah BaMasoud. Good evening and welcome. Thanks for joining us this evening. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. The question rotation this time will come from the government. Please begin by stating your name for Hansard and then proceed.

Mr. Eoin Callan: Good evening. My name is Eoin Callan, and I'd like to start by thanking the committee for the opportunity to appear before you this evening. I know it's been a long day for everybody so I'll try to be brief.

I work with SEIU, which is the fastest-growing labour organization in Canada, representing more than 50,000 front-line health care workers here in Ontario and more than 2.2 million members across North America, who in turn contribute to about 70 different pension plans that have combined assets of about \$1.2 trillion, which represents about 16% of North America's pension fund assets.

This evening, I want to zero in on the role that pension funds play in the financial sector as providers of capital that support growing businesses, infrastructure development, job creation, economic expansion and increased prosperity. The government of Ontario has identified the goal of making Toronto a global financial centre able to rival investment hubs like Hong Kong, Tokyo, Frankfurt or Chicago. I think it's important to understand that pension funds play a key role in achieving this goal. Indeed, Ontario-based pension funds have already emerged as leaders in areas like risk management, functioning as some of the largest direct investors in today's global capital markets, able to support small, medium and large enterprises and indeed countries through critical stages in their development, and also play a role as active investors driving improvements in corporate governance and driving positive innovation in alternative asset classes. So over a period of decades, funds like the Ontario Teachers' Pension Plan and OMERS have built up pools of capital in the order of \$120 billion or \$110 billion or \$60 billion or \$40 billion in capital that they in turn invest in productive enterprises.

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There was an example a couple of days ago where one of Ontario's leading Web hosting companies announced

that it had received a \$1.1-billion injection from a consortium that included the Ontario Teachers' Pension Plan and two US institutional investors, which is going to allow this Ontario-based business to expand to markets overseas while driving job growth here at home. Indeed, the success on the international stage of Ontario-based pension funds is well illustrated by the example of the healthcare of Ontario pension plan, HOOPP, a \$40-billion plan. HOOPP announced last month that amid one of the most volatile and turbulent periods in markets in about 75 years, it was able to deliver a better return than almost any pension fund in the world. In fact, it delivered the second-most-impressive return on its investments of any plan globally. Keith Ambachtsheer, the pension expert, has talked about the opportunity for Canada to own the podium when it comes to the pension fund sector, and the HOOPP example illustrates that this is already happening. What they've achieved is the equivalent to a silver medal on the gold stage.

This success underlines, I think, the considerable merit in the proposal in the Ontario budget that suggested that the investment functions of smaller pension funds in Ontario be pooled so they can gain and benefit from economies of scale and benefit from the adoption of best practices that have been developed by larger pension funds, which, again, are leaders on the international stage. So I think all parties and stakeholders should welcome the review that has been initiated that will examine investment-side consolidation of smaller occupational pension plans in Ontario, a move consistent with the fairly strong tradition of thoughtful and innovative policy on the part of Ontario when it comes to the pension fund sector.

In contrast, there are a separate set of measures that were presented in the Ontario budget that would fundamentally alter the landscape for Ontario's large pension plans. They would risk undermining our global leadership and would almost certainly cause unintended consequences. These measures would interfere with the governance of pension funds, limit their flexibility when responding to events and apply a one-size-fits-all approach that would take core functions that have rested with fund managers and fiduciaries for the past 30 to 40 years and put them in the hands of government bureaucrats in a way that would fundamentally alter the underlying assumptions on which their actuarial investment models are based.

Sticking with the example of HOOPP, which delivered the second-best returns in the world, HOOPP's notable because it's a fully funded plan. It's operating with a surplus; it's not in deficit. It has a healthy, funded position. It's consistently maintained, based on a strong dedication to a mission of delivering on a pension promise and a focus on sustainability, a funded position that has held through good and bad economic times as a result of prudent choices around investment strategy and risk tolerance. Notably, HOOPP has had consistent contribution rates for a decade. It has also made the difficult decision, when necessary in the face of market adversity, to reduce benefits. It has done so without having to resort

to very well-designed, very robust dispute resolution mechanisms that are embedded in the governance of the plan.

Significantly, HOOPP has also managed to deliver superior returns at a lower cost than most pension plans around the world, and at a significantly lower cost than many of its peers. So to be clear, HOOPP maintains a balance of contributions from employers and employees that is roughly 45-55, and yet in doing so, it delivers a contribution rate for employers that is lower than almost any other plan you can look at, and significantly lower, again, than its peers.

That's why there is unanimity amongst stakeholders in this sector around urging the government to exercise extreme caution when proceeding with this second set of pension reform measures. Indeed, the primary employer sponsor of the plan, the Ontario Hospital Association, who you will hear from shortly on a number of matters, has signed a joint letter with a variety of stakeholders, including ourselves, urging the government to exercise caution. That airtight unanimity on the part of stakeholders, I think, speaks to the fact that when it comes to the consolidation of investment functions of smaller plans, there is an opportunity to build on the strength and the expertise that has been developed in Ontario's pension plan sector. But when it comes to the second set of reforms that would interfere with governance, apply a one-size-fits-all policy determined by bureaucrats rather than fund managers and that would fundamentally alter those underlying assumptions on which 50- and 70-year actuarial and investment models have been developed, the government should exercise extreme caution before proceeding. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you for that excellent presentation. I appreciate your points in both regards: one, in the consolidation of smaller pension funds to rely on the success that our larger pool pension funds had and see how we can replicate that; and I think your message around proceeding with caution as well in terms of the larger pools.

I think one of the things that's very clear in the budget and in the minister's remarks associated with it is that we need to work with our partners and undertake a robust process to come out with something that will ensure that these pension funds are sustainable from a long-term point of view and of course be made more successful. So in that whole vein, I really appreciate the comments you've made.

I wanted to ask your views on the post-retirement income side of things. What do you think needs to be done at the national level to ensure more security for post-retirement income? We know that the majority of the people do not have the benefit of having a pension and we need to obviously find ways to look after them as well.

Mr. Eoin Callan: I think there's a couple of parts to the answer to that question, which is a good one and a topical one.

One is that it is important to preserve a fundamental pillar of our retirement security system, which is workplace occupational defined benefit pension plans, which have served us well for decades, at a time when alternative retirement investment products have not necessarily served Canadians as well. I think that's one part of the answer and is germane to the proposals in the provincial budget.

I think the second part of the equation really builds on what we've been discussing, which is the strength of the larger Ontario-based plans. The Canada Pension Plan Investment Board, the CPPIB, is also based here in Ontario and, learning from its peers and its partners—with whom it collaborates on investment, collaborates on research and collaborates on the sharing of best practice around risk management—has also developed into a very successful actor in international capital markets, which has allowed it to develop and deliver superior investment returns for all beneficiaries of the CPP, of the Canada pension plan. So there's certainly an opportunity at a federal level, which the finance minister himself has indeed underscored on a number of occasions, to look at strengthening the CPP to ensure that it plays as active a role as it is poised to play, as it can play, in ensuring that there's retirement security and dignity in old age for all Canadians.

Mr. Yasir Naqvi: Okay. I wanted to quickly switch tracks. I know you're with SEIU Healthcare. One other big aspect of this budget is health care within the community setting, delivery of health care to ensure that there is more home care available to people who need it within the community setting. Your views on that kind of approach, where we are able to provide better health care—community-centred, patient-focused.

Mr. Eoin Callan: Sure. I think one of the more promising ideas articulated in the Drummond report was the concept of care shifting, which takes place on a couple of levels: the shifting of care between settings, so across the continuum of care, from the higher-cost acute sectors and residential sectors to the lower-cost community sectors where it's possible to deliver better-value care to people where they most want it, which is at home. That shift in emphasis, in terms of policy and investment, I think, is worthwhile and represents foresight on the part of government.

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The other area in which Drummond talked about care shifting was care shifting between occupations, ensuring that where you have high-skilled physicians, they're practising to their full scope of practice at the higher end of their skill set and not devoting as much of their valuable time to those functions that can be performed by other allied health occupations such as registered nurses, nurse practitioners, registered practical nurses—RPNs—and personal support workers. So the overall thrust of policy that emphasizes the opportunity in terms of value, in terms of quality and sustainability in health care toward the community sector and toward care shifting between occupations, we think, on balance, is a positive one.

Mr. Yasir Naqvi: Thank you very much.

The Chair (Mr. Bob Delaney): And on that thought, I'm going to need to stop you. Thank you very much for having come out to present to us.

ONTARIO HOSPITAL ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Hospital Association: Pat Campbell. Good evening and welcome. Thanks for coming out tonight.

Ms. Pat Campbell: Thank you for the opportunity. I know it's been a long day.

The Chair (Mr. Bob Delaney): I'm sure it has been for us all. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The rotation for this round will be with the opposition. Please state your names for Hansard and proceed.

Ms. Pat Campbell: Good afternoon, everybody. My name is Pat Campbell. I am the president and CEO of the Ontario Hospital Association. With me is the OHA's vice-president of policy and public affairs, Anthony Dale.

Hospital leaders are aware that legislators are grappling with a very serious, prolonged fiscal challenge and that changes must be made to improve health system efficiency and the care that hospitals provide. That's one reason the OHA is very supportive of the government's decision to introduce an activity-based funding formula for the hospital sector. At a minimum, a funding formula will inspire hospitals to identify opportunities to continue to make efficiency gains and move to eliminate any question of arbitrariness in terms of setting individual hospital funding allocations. When combined with sound planning, data-driven goal-setting and constant, full information-sharing, a funding formula that puts quality considerations at its centre can be a powerful tool for driving performance improvement.

That said, the success of this funding formula depends on how effectively the government works with hospitals and LHINs to implement it, in order to prevent unintended consequences and ensure that individual communities continue to have the services they need. We will continue giving the government our best advice in this regard.

As a sector, we were pleased to see the 2012 Ontario budget acknowledge many of the challenges hospitals face. I would like to acknowledge the government's launch of a discussion about public sector pension arrangements in Ontario. I am very happy to inform you that the major hospital pension—Healthcare of Ontario Pension Plan, or HOOPP—is fully funded, actuarially sound and, unlike many other broader public sector plans, not backstopped by the Ontario government. That is all to say that while policy changes may be needed to strengthen or improve the viability of certain pension plans, these changes must be made sensitively and with due consideration of each plan's unique circumstances, as you heard from our previous presenter.

Health care is a people business. Dedicated, skilled professionals deliver care to the people who need it.

Hospitals spend approximately 70% of their budgets on the salaries and benefits of their employees. Although hospitals are absolutely committed to ensuring that their employees are fairly compensated, hospitals must consider that commitment in the context of today's fiscal reality.

For some time now, hospitals have noted the regular disconnect between arbitrators' decisions regarding hospital employee compensation and hospitals' ability to pay. When an arbitrator delivers an award that is out of step with economic and funding realities, what they are really doing is creating the possibility that hospitals must cut services or full-time positions, or both, in order to cover increasing costs. This shouldn't be the case, and that's why hospitals have called for changes to the Hospital Labour Disputes Arbitration Act, or HLDAA, to address this issue.

Although Bill 55 proposes some measures intended to rebalance the hospital arbitration environment, we believe that some of these proposals don't go far enough and, in the absence of additional legislative amendments, could actually make the arbitration environment even more challenging.

Because I don't have much time today, I'll focus on one key area where we believe Bill 55 and, by extension, HLDAA could be improved.

Currently, HLDAA places all disputed items arising during negotiations into the hands of third party arbitrators. Although arbitrators are required by the legislation to consider the ability of the employer to pay and the possible reductions in service that may result in rendering their decisions, history shows that they rarely do so seriously enough or in the proper context. Indeed, some arbitrators appear to take the view that hospitals are simply flow-through agencies for the true payer—the government—and that the government, by virtue of its taxation powers, has virtually unlimited ability to pay.

To its credit, the government has accepted in principle that this is a problem. This is reflected in schedule 30 of Bill 55, which proposes new clauses to section 9 of HLDAA requiring the parties to make written submissions to a board of arbitration on specific criteria.

Unfortunately, adding a mandatory requirement for written submissions pertaining to these criteria, without also compelling arbitrators to consider strategic financial and policy directions set by the government or LHINs, is unlikely to improve an employer's success in arguing ability to pay. Indeed, it may make success even less likely.

For example, even if the government or a LHIN directs a hospital to work toward a specific policy goal, such as a net 0% increase in pay for unionized hospital employees, a responsible employer may well accrue revenue to offset the potential liabilities resulting from a worst-case scenario in arbitration. If the proposed amendments are adopted, arbitrators would still not be required to adequately consider the hospital's financial situation or strategic policy directives announced by the government or LHINs. Beyond this, employers would

almost certainly be forced to make this accrual a matter of record for consideration by the arbitrator, with the almost-certain result that it would be cited as evidence that they do, in fact, have the ability to pay the cost of an award.

This section doesn't address the issues associated with a negative arbitration result for a specific hospital being replicated and applied to hospitals across the province or influencing awards applying to other broader public sector employers. Every hospital is different, and their ability to meet the costs of a replicated arbitration award varies. Simply put, arbitrators should not have the ability to assume that the circumstances of one employer are the circumstances of all similar employers. Without additional amendments to Bill 55, they will. Experience from the past three years suggests that these kinds of assumptions can and do affect both hospital staffing and patient services. This can't be what the government intended when they introduced this proposed amendment.

For these reasons, the OHA recommends that subsection 9(1.1) of HLDAA be amended to clarify that the employer's ability to pay be considered in light of its fiscal situation and directives received from the local health integration network or any ministry of the Ontario government. We believe that doing so would help hospitals, LHINs and the government to meet their responsibilities and stated policy goals respectively.

In the coming days, we'll provide the committee with a written submission that includes specific legislative amendments to Bill 55 on this issue and on other key HLDAA-related ideas. We encourage legislators to carefully consider them as a package for the simple reason that efforts to appropriately rebalance the labour relations environment by taking action in one area without also moving forward with necessary actions in others may have unintended consequences.

I'll conclude by reiterating that the OHA is committed to working with legislators to help them meet their fiscal and public policy goals and to helping hospitals achieve their collective goal of an ever higher-performing health care system.

We'll be happy to answer any questions you'd have.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for being here this evening. Just a couple of areas I wanted to attack: In your opening paragraph you talked about unintended consequences, and in the closing paragraph you talked about unintended consequences. Can you just broaden that for me a little bit?

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Ms. Pat Campbell: In any change implementation, there are always the intended policy goals and then the things that happen that weren't contemplated but are a function of implementing any change process. By working collaboratively with government on these change initiatives, we can help to identify where those things are potentially happening and how they can be addressed.

It's a fact of life if you're going to introduce change that there will be both kinds of consequences to that

change, and effective management through the implementation process is critical.

Mr. Victor Fedeli: In my two terms as mayor of the city of North Bay, when I sat with arbitrators and talked about our community's ability to pay and that we couldn't give the awards that the members were seeking because—we brought out all of the information we could with respect to market conditions, the average housing price that had fallen, all of the details. We spent tens of thousands of dollars every negotiation on proving our community's ability to not be able to pay, only to have the arbitrator say, "Well, that's well and good, but my instructions from my employer do not include the fact that I must take the ability to pay into effect."

On the bottom of page 3, when you talk about the amendment, is this actually the kind of specific amendment that you would see? Is there a little bit more wording that you can offer for that amendment?

Ms. Pat Campbell: In our written submission that we'll provide to you by the deadline, we will give you more specific suggestions in terms of specific language around the proposed amendments that would impact on the labour environment.

Mr. Victor Fedeli: In the second-last paragraph near the bottom of page 2, you talked about the fiscal realities and that you must consider that commitment in today's fiscal realities. Over on the middle of page 3, where you used an example of a net 0% increase, are you suggesting that the 0% increase be one of those answers to the commitment of today's fiscal reality?

Ms. Pat Campbell: The OHA has been on record for a long time supporting the idea of moving to a funding formula base that's more patient-centred in terms of how hospitals should be funded. I think what you see in our submission is support for the concept of moving to patient-based funding and the need to move that forward, but to do that in a way that's implemented by looking at good planning, sound data and constant information-sharing so that we can do it effectively in partnership with the Ontario government.

Mr. Victor Fedeli: Chair?

The Chair (Mr. Bob Delaney): You've got a fraction of a minute.

Mr. Victor Fedeli: Then I won't push any further on the 0%.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for having come out to share your thoughts and opinions with us this evening.

Ms. Pat Campbell: Thank you for having us.

UNITED FOOD AND COMMERCIAL WORKERS CANADA

The Chair (Mr. Bob Delaney): Our next presentation is the United Food and Commercial Workers Canada, Bob Linton. Please sit down. Make yourself comfortable. You'll have 10 minutes to offer us your presentation and up to five minutes for questions and answers. The rotation for questions this time rests with the NDP.

Please begin by identifying yourself for Hansard and proceed.

Mr. Bob Linton: Thank you, Mr. Chair. My name is Bob Linton. I'm the director of legislative and political affairs for UFCW Canada.

On behalf of the membership of UFCW Canada, Canada's largest private sector union, I welcome the opportunity to comment on Bill 55. Representing more than 250,000 members throughout the country, UFCW Canada is Canada's largest and most progressive private sector union and is the leading force for workers in the retail, food processing and hospitality sectors. Approximately 120,000 UFCW Canada members, or almost half of the union's membership, live and work in all parts of Ontario, from Kenora to Cornwall and from Kapuskasing to Windsor, with approximately 40,000 members in Toronto.

Our members are your neighbours. They are your grocery clerk or cashier at your local supermarket. They work at the Beer Store, in meat-packing plants and many other sectors of the economy.

By giving you this brief description of our members and where they work, I hope that you will understand that the comments made in this submission represent the concerns of our members—your neighbours—regarding Bill 55.

While we applaud some of the measures in the budget bill, there are many aspects of the bill that fall short for UFCW Canada members and all working families in Ontario. However, given the size and complexity of the bill, it would be impossible to comment on all aspects of it. However, what we would like to focus on is what is not in the bill, specifically what should have been included in schedule 53 of the bill, dealing with pensions and the Pension Benefits Act.

In the final report from the Expert Commission on Pensions chaired by Professor Harry Arthurs and otherwise known at the Arthurs report, it was recommended that the Ontario government create a new agency, an Ontario pension agency, as an option for workers with no pensions as well as those with deferred or stranded pensions, or to manage pension funds for former pension plan members that cannot be located. Given the economic turmoil of the great recession and the negative impact it continues to have on workers with and without pensions, Bill 55 could have been an ideal vehicle to create the OPA.

Another recommendation from the Arthurs report that has yet to be acted upon is the creation of the public pension champion agency, a new government agency that would assume responsibility for collecting and disseminating reliable information about the pension system, for thinking creatively about new pension strategies and policies, and for working with stakeholders to improve the pension system.

Changes to the overall regulatory structure, including enhanced resources, are long overdue. A more efficient, more responsive and better-resourced regulator and tribunal would be beneficial to the pension system in

Ontario and to all stakeholders, including Ontario taxpayers. Furthermore, a pension champion for Ontario would provide a more effective voice for a sector that is constantly changing, so that pension reform becomes an ongoing process and not simply an event every 20 years.

Another concern our members face is the increasing number of employers who want to change existing defined benefit pension plans to defined contribution plans. That is a change our union defends against in negotiations on a daily basis. Simply shifting defined benefit plans to defined contribution plans in the private sector is simply shifting more risks—longevity, investment and financing—to employees and, ultimately, to governments, i.e., the taxpayers.

The final issue we would like to address are recommendations 9-4 and 9-5 of the Arthurs report recommending to the government to investigate the advantages and disadvantages of expanding the Canada pension plan, or creating a comparable provincial plan, so as to enhance pension coverage, control cost and improve benefit portability. It—the government—should also support the call for a national pension summit to investigate all ideas that might produce such outcomes, including those contained in the report.

As previously mentioned, the continued trend in this country from defined benefit to defined contribution arrangements is concerning to the extent that it shifts many risks to the individual plan member, many of whom may outlive their savings. What is even more troubling, however, is the lack of occupational pension plan coverage among Canadians generally, a situation that, if left uncorrected, will continue to burden future generations.

The changes being made by the federal government to the old age security/guaranteed income supplement programs by raising the eligibility age to 67 from 65 highlight the need for the Ontario government and provincial governments throughout the country to support enhancements to the Canada pension plan.

There is ample evidence from the Parliamentary Budget Officer, the federal and provincial finance ministers' working group and respected economists from the Canadian Centre for Policy Alternatives and the Canadian Labour Congress, showing that Canada's public pension system is financially stable and there is no pressing need to increase the eligibility age for OAS from 65 to 67. Their studies reinforce that the OAS/GIS crisis is artificial and unnecessarily creating an intergenerational divide that pits young against old.

UFCW Canada members view the CPP as part of Canada's three-pronged pension system of public, individual and workplace retirement savings plans that would allow them to retire at age 65. They are fortunate to be in a workplace pension plan, but with the great recession and its after-effects, many find difficulty in saving for retirement as individuals. Those older workers who are in their 40s and 50s are now facing a further two years of work to qualify for OAS, which they see as a failure of the public system. They also face the reality that as

federal and provincial governments make changes to pension plans and download the costs of those changes, there is less money for benefits.

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We applaud finance minister Dwight Duncan, who is already on record as supporting improvements and expansion to the CPP and who gave the notion in his budget speech that the federal government's proposed pooled pension retirement plan might simply replace other forms of retirement savings instead of growing the overall pie. Through Bill 55, the government could not only be a leading advocate in calling for a national pension summit, but it could also reaffirm its support for improvements to the CPP. By gaining improvements to the CPP, pressure will also be taken off other public and private retirement security programs and will allow more Ontarians to retire in dignity without fear of poverty. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your presentation. Ms. Forster.

Ms. Cindy Forster: Thanks for being here. Can you expand a little bit on what you think the impact of moving from a defined benefit plan to a defined contribution plan would be for one of your workers? We heard tonight about the well-performing HOOPP system, which is a defined benefit plan. What would that mean to an average worker represented by UFCW?

Mr. Bob Linton: I guess the easiest way to answer that is if you look back to someone who was in a defined contribution plan, that money was going into the plan and basically it's at the whim of the investment house or brokerage firm or wherever it might be used. If you look at what that plan was worth in 2008 as compared to 2011, probably, I would say, in most cases, there's not as much value in that plan as there would be in 2008, whereas with a defined benefit plan, you know what your pension is going to be. You can plan for your retirement better; you know that when you retire, this amount of money will be there. When you're in a defined contribution plan, you're at the whim of the markets.

Ms. Cindy Forster: What would be the impact on workers if they were to retire at age 65? Is there anything planned in the system to fill in that gap between 65 and 67?

Mr. Bob Linton: That's a real problem now, because it isn't. It's almost like this was something that was planned on a napkin on a flight from Canada to Davos, Switzerland. It's going to take a major overhaul if people are going to address it. If we have to go back to our employers and renegotiate collective agreements, are they going to be willing to say, "Okay, we'll cover benefits for the next two years"? I mean, when we bargain those collective agreements, we bargain them in good faith with those employers. They were fully expecting that those people would be retiring at 65 as well. That's not the case anymore.

Ms. Cindy Forster: Will they be willing to actually continue to contribute to the pension plans, or will they even be able to contribute to the pension plans for those two years?

Mr. Bob Linton: That's a question that has to be answered. In negotiations, you may find some employers that would be willing to do that, but most employers, given the economic struggles that they face in today's economy, probably are not willing to do that. They may not be able to fiscally do that in their financial planning as well.

Ms. Cindy Forster: Thank you.

Mr. Michael Prue: If there is one group of individuals in this province that understands the defined contribution plan and how it doesn't work, it's probably MPPs. But having said that, the budget, as you so succinctly and correctly pointed out at the beginning, did not contain this provision. How would you suggest we put it into the budget without costing any money? Because that's the dilemma we have as opposition MPPs at this point: Although we can take some stuff out that will save the government money, we can't really, at this point, put things in that are going to cost more.

Mr. Bob Linton: You're not just talking for the Legislative Assembly here.

Mr. Michael Prue: No, I'm talking about—

Mr. Bob Linton: Well, if you look back at the recommendations from the Arthurs report, one of the things that Professor Arthurs suggested was saying—let's step back a minute. We're fortunate because we have a joint trusteeship plan, but many in the private sector or public sector don't have that, so they're at the whim of their employer, if their employer wants to change that. One of the recommendations that Harry Arthurs said was that no changes to pension plans—defined benefit to defined contribution—should be able to be made without the approval of the union or their membership. If they cannot reach an agreement, then they should enter into negotiations on that plan. Personally, I don't see anything wrong with that system and that recommendation from Professor Arthurs.

The Chair (Mr. Bob Delaney): You have about one minute left, if you'd like to use it.

Ms. Cindy Forster: Will you be providing us with perhaps some language around an amendment?

Mr. Bob Linton: I have provided a brief, but I can send an addendum to that providing language that would help with that, sure.

Ms. Cindy Forster: That would be great.

Mr. Bob Linton: So I send it to the clerk?

Interjection: Yes.

Ms. Cindy Forster: Just generally speaking, how have your members fared compensation-wise, going back over the last 20 years? I know that at one point in time, for example, people who worked in unionized grocery stores were fairly well paid, but that has kind of eroded with the sale of the chains and—

Mr. Bob Linton: Yes, I mean, first of all there has been a consolidation of change. Southern Ontario here is one of the most competitive markets for the retail food sector in North America.

I think one of the other things that we realized is what's happening in this country is—and I hate to use the

word—Walmartization. We're up against these multi-nationals coming in from the United States that are paying less, that are saying, "A full-time job is 24 hours a week." You may get minimum wage. We've facing it again with Target moving in, all the unionized employers are all Zellers stores. Those people are going to lose their jobs. They may be rehired; they may not be. But when they get rehired, someone may have worked in a Zellers for 20 years—

The Chair (Mr. Bob Delaney): And on that thought, I'm going to have to cut you off, with apologies.

Mr. Bob Linton: I think you know where I'm going.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and shared your thoughts and opinions with us tonight.

ONTARIO FEDERATION OF LABOUR

The Chair (Mr. Bob Delaney): Our last presentation for the evening will be the Ontario Federation of Labour, Irwin Nanda. Welcome. I know you've done this before—

Mr. Irwin Nanda: No. I just got elected in January.

The Chair (Mr. Bob Delaney): Okay. You've got 10 minutes to make your remarks, followed by up to five minutes of questioning. This time, the question rotation will come from the government. Please state your name for Hansard and then begin.

Mr. Irwin Nanda: My name is Irwin Nanda and I'm the executive vice-president of the Ontario Federation of Labour. The Ontario Federation of Labour unites more than one million workers in Ontario.

While we are pleased to be able to make a deputation today, we must also state that we're very concerned about the entire budget procedure. Not only were there no meaningful all-party consultations, but the time allotted to this current set of committee hearings has been too short and geographically inaccessible for those outside of Toronto.

Bill 55, the Strong Action for Ontario Act, is a vast piece of omnibus legislation. It contains 69 schedules proposing amendments to many other sets of existing legislation. It takes time to fully assess the implications of each set of amendments and to develop a sense of the far-reaching implications embodied within it.

The amount of notice provided for the committee hearings and for general deliberation on the budget has been woefully inadequate and contrary to what ought to be democratic norms.

We do acknowledge there were some small steps.

The changes that were made to the original 2012 Ontario budget as negotiated by the New Democratic Party: While we support the increase in the surtax on those earning \$500,000 or more, are relieved that some critical and necessary funding for child care has been made available and are satisfied that social assistance and disability supports have been increased by 1%, we still believe that these measures do not go nearly far enough to address the chronic underfunding of public services.

Furthermore, we disagree profoundly with the decision to allocate additional tax revenue to deficit reduction and believe that a meagre 1% increase for some of our poorest citizens is inadequate.

The current deficit was not created by public spending or public sector workers. We state that the budget deficit that does exist was created neither by out-of-control public spending nor by the hard-working employees who serve in the public sector. Rather, the deficit arose as a result of the measures implemented by the Ontario government during the global recession that itself was triggered by irresponsible financial practices and unprecedented levels of corporate greed.

While we note that your government inherited much-reduced fiscal capacity thanks to a variety of tax cuts implemented by former Conservative Premier Mike Harris, we believe it is a mistake for your government to follow suit by further reducing Ontario's corporate income tax rate.

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We believe there's an opportunity for public revenue generation. As we have offered previously, there are some modest measures that your government could implement that would generate significant new money to preserve and expand public services, and we also believe there are certainly more available. We would suggest that you restore the general corporate income tax rate to 14%, and that would generate \$2 billion in revenue; restore the corporate capital tax on the banks—that would generate \$0.7 billion; implement a financial transactions tax at 0.1%, which would generate \$1 billion; suspend the phase-in of the restricted HST input tax credits—that would be \$1.3 billion in revenue; implement a uniform rate of business education taxes and index education taxes—that would generate \$1 billion; eliminate tax preferences for stock options and capital gains—that would be \$1.5 billion; and audit, collection and compliance measures would be \$2 billion. So that would generate new revenue of over \$9 billion.

Finding the necessary public resources is critical to the province's ability to implement sound economic and social policy. While there are signs that Ontario's economy is improving, weaknesses still remain. Your government's decision to implement public spending cuts will hurt Ontario's economy, and the citizens struggling to keep their heads above water within it, at a time when thoughtful investment in the province's human capacity is critical.

So far, consumer spending, the foundation of local economic activity, especially for small businesses and the retail sector, has been an important source of growth for the Ontario economy. But there are already worrisome signs that consumer spending is tapering off, leaving Ontario's economy vulnerable to a new slowdown. Rising levels of individual debt helped sustain spending during the recession, but this approach will reach its limits if real wages continue to stagnate or if the economy is subject to new rounds of job loss, as set out in your budget.

Our concerns are not unfounded. Ontario's employment rate actually declined by 0.4% between January 2011 and January 2012. Over that period, hourly wages for Ontario workers aged 25 to 54 years increased by only 1% against a consumer price index that rose by 2.4%. This is a real dollar cut and results in reduced purchasing power for a large portion of Ontario's workforce, further undermining the basis for Ontario's economic well-being.

Low-wage earners and those on fixed incomes will be hit particularly hard, especially with food costs increasing by 4.6% just in the past year. Indeed, the CPI increased by 3.1% in 2010 and an additional 2.4% in 2011.

Over this period, Ontario's minimum wage has been frozen at \$10.25 per hour. Women, newcomers and workers of colour are overrepresented in low-wage and precarious work, and are therefore the most negatively affected when minimum wage does not keep up with inflation.

Despite rhetoric to the contrary, workers covered by collective agreements saw hourly wages rise by only 0.1% last year, amounting to a 2.3% reduction in their purchasing power. The wages of those not covered by collective agreements actually rose by 1.3%, but it was still 1.1% below the CPI increase. According to the data, between January 2011 and January 2012, wages for occupations in social science, education, government service and religion fell in nominal terms by 0.2%.

Even greater nominal wage losses of 1.1% were experienced by those 55 years of age and older. These wage losses for older workers are no doubt a reflection of the deterioration of job quality that has been characterized by Ontario's recovery to date, as older workers who lost decent jobs in manufacturing and forestry were forced into lower-paying jobs or continued unemployment. In 2011, nearly 24%—or one in four—of Ontario workers without jobs were unemployed for more than 27 weeks.

This data also helps to explain why consumer confidence among Ontarians plunged by nearly 50% between 2010 and 2012. An RBC report on the consumer outlook published in February shows that in 2010, 60% of Ontario respondents thought that the economy would improve. By 2012, this proportion had dropped to 32%. In fact, 74% of Ontario respondents said that they were either standing still financially or losing ground compared to one year ago.

Despite some job recovery, unemployment levels remain stubbornly high. February's labour force survey data show that Ontario's unemployment rate was still over 8%.

As TD economist Leslie Preston noted, "The unemployment rate has been edging up and wage gains have not been keeping pace with inflation, setting the stage for spending growth to slow this year." In this context, we believe that it is irresponsible for the government to exert further downward pressure on wages and public services.

Your government campaigned on promises to protect public interest and protect public services, yet Bill 55

proposes the exact opposite. Even the Ontario Ombudsman, André Marin, has added his voice to the chorus who are speaking up against measures that will weaken public accountability and democratic oversight.

History has shown that the public sector is the efficient, cost-effective choice for delivering critical public services and protecting public interest. Your government and previous governments should not have to be reminded of the numerous past failures of public-private partnership models in everything from hospitals to hockey rinks.

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute to go.

Mr. Irwin Nanda: Only a minute? Okay.

We are categorically opposed to the privatization of Ontario Northland. This public corporation provides crucial rail and bus transportation and telecommunications services in northern Ontario.

In conclusion, it's a lot to speak on an enormous piece of omnibus legislation in the short 10 minutes we have been allotted. It is impossible to do justice to the elaboration of the many complex and negative consequences contemplated in Bill 55.

When the voters of Ontario rejected the Conservative Party's campaign promises to cut services and attack working people, they believed themselves to be voting for a party that would put the needs of people first, not corporations. Instead, the government appears to be implementing the very measures advocated by the Progressive Conservative Party and rejected by the voters.

We suggest that the Ontario Liberal government does not have a mandate for the sweeping changes set out in Bill 55. We strongly urge the government and members of the Standing Committee on Finance and Economic Affairs to reconsider its current course of action. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: First of all, Mr. Nanda, congratulations on your election as executive vice-president. Secondly, thank you very much for accepting this last slot on a Wednesday evening. We appreciate your being here today.

I just have a couple of very brief questions. I noticed your comments about the stimulus investments that the government made during the recession. Am I correct to hear that you don't support the investment we made in the auto sector, which helped protect over 400,000 jobs in the province, many of which were good-paying unionized jobs?

Mr. Irwin Nanda: We're not saying we're against that. What we're saying is that you dropped the corporate tax rates and the other measures that you put in place, and it's now time to bring those back.

Mr. Yasir Naqvi: You did also say that the deficit arose because of the measures implemented by the Ontario government during the global recession that itself was triggered by la la la la la. Those monies were spent to protect jobs. Many of them were good-paying unionized jobs. I'm sure you were supportive of that investment.

Mr. Irwin Nanda: We are supportive of that.

Mr. Yasir Naqvi: And I'm sure you're also supportive of those dollars that were invested in public infrastructure across the province that actually helped many of the good, unionized building trades jobs.

Mr. Irwin Nanda: We don't disagree with that. What we're saying is that it's not time to go backwards; it's time to keep moving forward.

Mr. Yasir Naqvi: I appreciate your coming here today. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you for taking the time to come in and be our final presenter this evening. Have a good evening, and I hope everyone has a safe journey home.

A few final housekeeping notes for everybody: While this concludes our business today, we will recommence tomorrow, June 7, at 9 a.m. in room 151.

About halfway through the first period, it's Los Angeles nothing, New Jersey nothing, and toward the end of the second inning, the Chicago White Sox and Toronto Blue Jays, also nothing-nothing.

Mr. Monte McNaughton: How do you know this, Chair?

The Chair (Mr. Bob Delaney): Thank you very much. We are adjourned.

The committee adjourned at 2040.

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**Legislative Assembly
of Ontario**
First Session, 40th Parliament

**Assemblée législative
de l'Ontario**
Première session, 40^e législature

**Official Report
of Debates
(Hansard)**
Thursday 7 June 2012

**Journal
des débats
(Hansard)**
Jeudi 7 juin 2012

**Standing Committee on
Finance and Economic Affairs**

Strong Action for Ontario Act
(Budget Measures), 2012

**Comité permanent des finances
et des affaires économiques**

Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)



Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
Greffière : Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 7 June 2012

Jeudi 7 juin 2012

*The committee met at 0900 in room 151.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012
LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): Good morning and welcome back. We're here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

MR. ROB HOWARTH

The Chair (Mr. Bob Delaney): Our first presentation this morning will be Rob Howarth. Good morning.

Mr. Rob Howarth: Good morning.

The Chair (Mr. Bob Delaney): Everybody's fresh, rested, ready for you. You'll have 10 minutes to make your deputation this morning, followed by up to five minutes of questions. The questions this rotation will come to you from the side of the opposition. Please state your name for Hansard and begin.

Mr. Rob Howarth: My name is Rob Howarth.

Thank you very much for the opportunity of speaking with you this morning regarding Bill 55. In reviewing the bill, it appears to me that the overall intention of this legislation is to address the fiscal realities facing our province, primarily through setting reduced spending targets.

I feel this approach is moving our province in the wrong direction. I believe that the single most important issue facing our society at this time is the growing levels of economic inequality in our communities and the resulting impact this is having on our economy, our health and our overall quality of life for all Ontarians, rich and poor alike.

In 1976 in Ontario, the average earned income of the richest 10% of families raising children was 27 times as great as that of the poorest 10%. By 2004, that gap had grown to 75 times, and it is bigger today, I believe. The

after-tax gap between families at the bottom and the top of our economy was eight times in 1976. Today that has grown to more than 11 times' difference.

This increase in economic inequality results in increased social problems. Numerous epidemiological studies and related research comparing the outcomes among rich countries have consistently demonstrated that the following social conditions worsen as levels of economic inequality increase: We see increased low birth weights; increased incidence of mental illness; increased drug use, homicide rates, incarceration rates and infant mortality rates; increased experience of violence for children; increased levels of obesity; decreased levels of educational performance; and increased teenage births.

This data and analysis are summarized in the book by Richard Wilkinson and Kate Pickett titled *The Spirit Level*. This book stresses that these worsening conditions affect everyone in more unequal societies, not just those at the bottom of the economic ladder.

I just want to read one quote from their research: "Across whole populations, rates of mental illness are five times higher in the most unequal compared to the least unequal societies. Similarly, in more unequal societies, people are five times as likely to be imprisoned, six times as likely to be clinically obese, and murder rates may be many times higher. The reason why these differences are so big is, quite simply, because the effects of inequality are not confined just to the least well-off; instead, they affect the vast majority of the population."

I believe that Bill 55 is taking us in the wrong direction not only in terms of the well-being of our communities, but even from a narrower economic perspective. Our increased economic inequality results in increased social problems and these, in turn, cost us a lot of money to address in our health care and criminal justice systems.

As the government's Commission on the Reform of Ontario's Public Services report highlighted, one of the most pressing concerns for our provincial budget is the need to bend the cost curve of rising health care expenses. But I would submit to you that our health care costs will never be sustainable and contained unless we reverse these trends of growing economic inequality.

To take just one cost factor of growing inequality, the remedial costs of poverty related to health care are substantial. A 2008 report from the Ontario Association of Food Banks estimated that poverty-induced costs related to health care have an annual public cost of \$2.8

billion. This estimate, which has likely grown more extreme today, represents close to 4% of our province's entire health care spending in 2010.

The opportunity costs, in terms of lost productivity due to poverty, are even greater than these costs to our health system. We simply cannot afford to shoulder the costs of rising income inequality in our province. These trends must be reversed if we are to have any hope of getting our fiscal house in order. The province has some excellent legislation in place to achieve these goals, including your poverty reduction strategy, which needs to be advanced more rigorously.

I think, as well, in the wake of the tragic shooting in downtown Toronto a few days ago, along with the disturbing rise in shootings across many neighbourhoods, it would be advisable to return to the robust analysis and key recommendations of your 2008 landmark study on the Review of the Roots of Youth Violence.

But these recommendations and commitments regarding addressing the roots of youth violence and poverty reduction require substantial public investment to be realized, and Bill 55 seems to be going in the opposite direction by reducing our capacity for such investment.

In this regard, I would propose the following specific amendments to Bill 55 that could begin to move us in a better direction. Regarding schedule 67, the Taxpayer Protection Act, which would be amended to allow for the corporate rate of taxation to not decrease, I would propose that you make a larger exemption which says that any tax changes which intend to decrease income inequality in Ontario should be exempt from this legislation.

Further, I would urge the government to undertake a study which looks at how reforms to our tax system could be used to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. This study could also identify how we might raise the revenues required to advance the province's poverty reduction plan and other critical investments in public services, including affordable housing and child care, that would reduce income inequality significantly in our province.

Regarding schedule 20, the Financial Administration Act, the amendments allow for new regulations about how reporting should occur. One kind of reporting that occurs now for public entities is the sunshine list. I believe a more meaningful reporting would talk about income inequality within public entities and show how it could be reduced. So it might be interesting to do some research to determine exactly how income differences within public organizations could be calculated and reported on, and also how we could highlight organizations and practices that are successful in narrowing extreme levels of income inequality in these organizations. Thank you very much for listening to and considering my comments today.

The Chair (Mr. Bob Delaney): And thank you. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very kindly, Chair, and thank you, Mr. Howarth, for your presentation.

When you talk about, on the last page, the second paragraph, "substantial public investments to be realized," can you be more specific about in which areas? I know you generalized a little bit at the end, but can you be more specific about where public investment should be and to what end?

Mr. Rob Howarth: I will try. I'm not an expert in the area. I think, as I understand it, that some of the investments that would have the most long-range impact on productivity in our economy and the well-being of community members who are at the lower end of the economic scale, two of the largest things, would be affordable child care and expanding that significantly, and affordable housing. Obviously, income supports as well in terms of ODSP and OW would need to be raised.

In terms of the review of the youth violence, I can't go into the details of that but there's a lot of investment in communities in terms of youth programs, mentorship and opportunities around employment that are critical.

I think those would be significant pieces to move forward, but they do take investment.

Mr. Victor Fedeli: Can you also talk about schedule 67, the Taxpayer Protection Act, the act that keeps the tax rate at 11.5% rather than the reduction to 11% and, further, to 10%? Can you talk about the impact of that, in your opinion?

Mr. Rob Howarth: Well, I think it can be shown that the resources available to the province have dropped dramatically through reduced corporate taxation rates and individual income tax rates. I do believe there are a whole range of tools that could be used in the tax system to both tax the bads that we don't want happening and encourage more positive activities in our economy. It would be very nice just to abolish the Taxpayer Protection Act altogether in terms of restrictions on trying to figure out what would work well. But there are all sorts of opportunities in terms of increased corporate tax rates or marginal tax rates—which used to be, in the 1940s and 1950s, about 80% in Ontario—and taxing other things like capital gains as if it were income. There are a whole bunch of initiatives that could be worked into this proposal in terms of looking at revenue possibilities. To the extent that the Taxpayer Protection Act restricts consideration of that, I think it's very detrimental to the province scoping out a positive path forward.

Mr. Victor Fedeli: You do appreciate that it's our contention that lower taxes create jobs and, therefore, that's how we would tighten the gap.

Mr. Rob Howarth: Yes, yes, and I think if that was true, we would be drowning in jobs right now.

Mr. Victor Fedeli: We're looking forward to the opportunity to form a government to put our policy into practice.

Mr. Rob Howarth: Well, I think we've had the lower tax policy for about 30 years now and it's not working.

Mr. Victor Fedeli: Then I would contend that we'll leave it at that, as I think about the 600,000 in Ontario that are out of work today.

The Chair (Mr. Bob Delaney): Thank you very much, and also for coming in so nice and early to start us off.

0910

ECOJUSTICE

The Chair (Mr. Bob Delaney): Our next presentation is from Ecojustice and the Canadian Environmental Law Association: Anastasia Lintner. Make yourself comfortable.

Ms. Anastasia Lintner: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes for your presentation this morning, followed by up to five minutes of questioning. This time the question rotation will come from the NDP. Please state your name for Hansard and continue.

Ms. Anastasia Lintner: My name is Dr. Anastasia Lintner. I am an economist and staff lawyer with Ecojustice Canada. Thank you very much for the opportunity to speak to Bill 55, the proposed Strong Action for Ontario Act budget measures implementation.

Ecojustice Canada is Canada's premier non-profit organization providing free legal and scientific services to protect and restore the environment and human health. With our four offices in three provinces, Ecojustice's legal counsel and subject matter experts work on the leading environmental issues across the country, both in law reform and at every level of court. Ecojustice has long been working to promote law reform on various issues, including species protection that's needed, sustainable forestry operations, protected areas, water conservation and efficient use of our public lands.

We often partner with the Canadian Environmental Law Association in developing joint recommendations regarding proposed legislation. Unfortunately, due to scheduling challenges, Ecojustice and the Canadian Environmental Law Association were not able to appear together before you today. My remarks are built on legal analysis that has been done by both organizations and that was publicly released in April 2012, but my remarks today reflect Ecojustice's perspective only. I anticipate that the Canadian Environmental Law Association will submit written submissions to you separately.

You should have received a seven-page, double-sided document with a summary of our proposed priority amendments for Bill 55. In the introduction, which starts on the bottom of page 1, our organization makes two arguments for why the schedules related to species protection, which is 19, sustainable forest operations, which is 15, protected areas, which is 58, lakes and rivers protection, which is 34, and public lands, which is 59, should be withdrawn for now.

You may not be surprised, knowing that I'm a lawyer, that I will also provide reasons why, if you're not persuaded they should be withdrawn, there are some priority amendments that we recommend.

The first argument for why these amendments should be withdrawn is that under the Environmental Bill of Rights there is an opportunity for the public to participate

in decision-making that the government is doing regarding the environment. An exemption in the Environmental Bill of Rights for budget implementation legislation presumes that there will be no significant environmental impacts. We have reason to be concerned that there are possibilities that there will be environmental impacts as a result of this legislation, and we recommend that those schedules be withdrawn.

Our second argument is that omnibus budget bills must have a clear link to the specific budget commitment that is made, in order to be a proper forum before the Legislature. The commitment to transform the Ministry of Natural Resources' operations was intended to be without impacting their ability to achieve environmental goals and responsibilities. We have reason to believe that many of the proposed amendments to the environmental statutes could reduce the ministry's ability to achieve the legislated environmental purposes. For this reason we recommend that those schedules be withdrawn.

In the alternative, we have offered eight priority proposed amendments that give specific language and are in the order in which we think they should be addressed. In particular, the first one, schedule 19, section 5, proposes to amend the Endangered Species Act, section 18. Under the current framework, this section allows instruments under other pieces of legislation to perform as permits under the endangered species legislation, and the proposed amendments would remove a requirement that the Minister of Natural Resources consider a statement with respect to how the species should recover and eliminate existing preconditions that also exist for permits to ensure that any impact of that instrument, that permit, under another piece of legislation would actually promote benefits to the species overall.

Only non-compliance with that specific instrument, which would not necessarily be connected to species protection at all, or some other conditions in regulations which have to be implemented at a future date would bring an instrument holder into account for violations of the Endangered Species Act. This is not in keeping with the purpose of the legislation and not in keeping with the commitment to protect species while seeking fiscal efficiencies. For this reason, we recommend that schedule 19, section 5, be struck in its entirety.

I have focused my remarks on that specific one, and I offer to you the additional proposed specific amendments. As I stated, we are concerned that all of the proposed amendments to environmental legislation have the potential to cause significant environmental impacts and are not being given the degree of scrutiny that they would under the Environmental Bill of Rights. We would prefer to have those problematic schedules—15, 19, 34, 58 and 59—removed from Bill 55 for now. Failing that, we are also providing for your consideration the specific priority proposed amendments.

I have presented to you the most problematic one in our opinion. We urge you to ensure that prospective fiscal efficiencies do not compromise our environmental responsibilities and our legislative goals. Subject to your questions, those are my submissions.

The Chair (Mr. Bob Delaney): Thank you very much. The questions this time will come from Mr. Prue.

Mr. Michael Prue: Thank you very much. The issues you have raised have been around for a couple of weeks. There have been repeated questions in the House to the ministers about this budget item, and there has been general denial from Liberal ministers that the environment is going to be affected in any way as a result. Do you have any comment on that? I think I agree with you: I'm very nervous about what's here.

Ms. Anastasia Lintner: In keeping with the specific concern around these other instruments, our concern is, in part because to our understanding, this new way of approaching species protection hasn't been applied. So any assessment as to how you might achieve administrative savings within the ministry and still achieve the goal of species protection—I don't think we have enough information to decide if that change will ensure that species are still protected.

The framework was set up so that if there was going to be ministerial approval to go outside of the prohibition, there would be checks in place to ensure that species are protected. If those checks are being removed without enough information about that potential impact and the potential savings, then we think that it's premature to do it.

Mr. Michael Prue: There seems to be, not just here in Ontario but even the Canadian government, a wholesale move to move away from environmental protection. We have an omnibus bill in Ottawa. We've got this omnibus finance bill here in Ontario. What does your group and what do other environmental groups think of the future of environmental protection if we go down this road?

Ms. Anastasia Lintner: Ecojustice is deeply concerned about the rollback federally of our environmental protection legislation and the way in which it has been approached, in what we believe is a very undemocratic way. In Ontario, we appreciate that there are lots of great ideas about how we can ensure our environmental responsibilities are met and do it in the most fiscally responsible way. We are hoping that, in this particular case, any of the amendments that go through really keep that in mind. We're much more hopeful at this forum than we are federally that that message will be heard.

0920

Mr. Michael Prue: You've got a number of proposed amendments here.

Do any of them cost money? This is always something we have to look at. This is the finance committee, after all—

Ms. Anastasia Lintner: Of course.

Mr. Michael Prue: —and we're running a \$15-billion deficit. Do any of these cost money, or would the elimination of some of them and the addition of others be more or less revenue-neutral?

Ms. Anastasia Lintner: If you look overall at how the Ministry of Natural Resources is approaching the problem of trying to find those efficiencies and not risk the environmental goals, what we're seeking is that you

really focus on the ones that might risk the environmental responsibilities. There are other ones that are opening up opportunities to use new tools to bring in the revenues, such as under the Crown Forest Sustainability Act, bringing in fees that would raise revenues in order to allow that program to be effective—

The Chair (Mr. Bob Delaney): And on that thought, I'm going to have to stop you there.

Ms. Anastasia Lintner: Okay, thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation this morning.

THUNDER BAY HEALTH COALITION

The Chair (Mr. Bob Delaney): We should have available by teleconference the Thunder Bay Health Coalition. Suzanne Pulice and Sara Williamson, are you there?

Ms. Sara Williamson: Yes, we're here.

The Chair (Mr. Bob Delaney): Good morning, and a virtual welcome to the Standing Committee on Finance and Economic Affairs, which is meeting to consider the budget bill in sunny Toronto. You'll have 10 minutes to make your deputation, followed by up to five minutes of questioning. This round of questioning will come from the government side. Please begin by stating your name or names for Hansard and then commence with your presentation.

Ms. Sara Williamson: Good morning. My name is Sara Williamson. Suzanne Pulice and I are co-chairs of the Thunder Bay Health Coalition.

The copy of our submission that you have is really a draft. The good copy will be sent after this call.

Mr. Chair and members of the Standing Committee on Finance and Economic Affairs for Bill 55, we welcome the opportunity to bring observations and recommendations from Thunder Bay for your serious consideration, with the common goal that all of us purport: a truly public health care system in Ontario, sustained by a fair tax system.

The Thunder Bay Health Coalition is a public advocacy, non-partisan organization. It is a coalition of community groups, individuals and unions who are committed to maintaining and enhancing our publicly funded, publicly administered health care system. We work to honour and strengthen the principles of the Canada Health Act and medicare. We work closely with the Ontario Health Coalition.

In northwestern Ontario, life is harsh. A lot of people are on low income, there are high rates of chronic diseases and people die sooner. Nevertheless, and maybe because of that, citizens want a budget that pays for public health care. The support for public medicare remains strong, and the public health care model is sustainable. Ontario's health spending is almost the lowest in the country. There's room for growth to address the urgent care needs of Ontarians. The real problem is on the revenue side, due to prolonged and some of the deepest tax cuts in the country. We really wonder why

Mr. McGuinty doesn't look at revenue options to meet health care needs and balance the budget.

There are two significant tax loopholes in the employer health tax, which, if closed, would generate \$2.4 billion per year to alleviate the cost pressures on the health system. One loophole is the exemption on the first \$400,000 of employers' payrolls; the other is the exemption on incomes of the self-employed and partnerships.

Another aspect to consider is the privatization of health services. It's costing us more. Our health dollars are paying for profits to private investors. Also, privatization reduces transparency and the accountability of the health services. It happens in home care, long-term care, diagnostic labs, diagnostic imaging clinics and physiotherapy, to name the most common areas here.

It's encouraged by legislation, regulations and funding formulae, so we're shocked that Mr. McGuinty has attached to Bill 55 a schedule 28, Government Services Act, which has little to do with the budget. It gives the government in power authority, without checks and balances, to privatize all kinds of functions under ministries, including the Ministry of Health and hospitals. Even OHIP's functions could be contracted to a company in the United States or India.

This part of the legislation is too broad and unconditional. It lacks guiding social policy principles. If members of this committee believe in the importance of schedule 28, then withdraw it from Bill 55 and let it be debated on its merits. If you don't believe it's good legislation, then certainly make an amendment to have it withdrawn.

I'm going to pass it over to Suzanne now to talk more specifically about the health issue.

Ms. Suzanne Pulice: Ontario's budget decisions have a significant human cost for the situation in Thunder Bay and home care. Any funding increase to home care is very welcome. An increase is necessary; because of more referrals from hospitals, a high intensity of service is required. Patients require more care. The Home First philosophy and Aging at Home are a drastic change, so transitioning a system costs more money. Compensating home care staff at the level recognized for hospital workers costs more money. Equipment costs more. The ministry must be prepared to put more than 4% into home care and take off the 2% wage freeze on home care workers. In the hospitals, it would be madness to believe that during the transitioning years the increase in home care funding can be balanced by cutting funding to hospitals. The hospitals will need as much money as ever for at least several years.

Thunder Bay Regional Health Sciences Centre said it could stay within a 1% cap on increases to spending and still provide the needed acute care to 2016 and 2017. However, the Thunder Bay Regional Health Sciences Centre is being given only a 0.2% increase. How fast will funding mitigation corridors respond to prevent drastic cuts? Already, the Thunder Bay Regional Health Sciences Centre is carrying a deficit. Eight surgical beds were closed for nine days in March 2012 to save costs.

During this time, up to 16 patients lay in the emergency department waiting for a bed for an average of 22 hours but sometimes several days. In fact, the average wait to be admitted in northwestern Ontario is 28.8 hours. Many of these people are frail elderly. On most days at least 8% of acute beds are occupied by ALC patients. The percentage of ALC days in northwestern Ontario for the first quarter is 18.78%, which fails the provincial target by about 200%. Although the Thunder Bay Regional Health Sciences Centre says a 1% budget increase is enough to cover acute care, it is not enough to cover alternate-level-of-care—ALC—beds and an emergency department that is substituting for a primary care shortage in the community. Northwestern Ontario has the highest unscheduled emergency department visit rate in Ontario, at 209 per 1,000 population.

Primary care gap: Northwestern Ontario has the highest per capita unattached adult patients, 13.2% versus 7% provincially. Residents report the lowest rates in the province for access to a medical doctor and consultation with a medical doctor. Sixty-three per cent of northwestern Ontario unattached patients who registered with HealthConnect were still without a health provider as of December 2011. Without access to a family physician, people with diabetes—and we have the highest rates of diabetes in Ontario—end up at the emergency department and often need hospitalization. Oxycodone addiction is huge here. Without access to a physician, the people who have become addicted to oxycodone cannot be treated appropriately. Surely a better funding formula is needed to recruit and retain primary care professionals in underserved areas.

Long-term care homes: We have concerns that the health and long-term care envelope does not recognize the ongoing need for quality long-term care homes. For many, home care is not a solution. Families are struggling at home to organize 24-7 care for a family member who also really needs to be cared for in a long-term-care home. Besides, in northwestern Ontario we have a greater proportion of seniors who live alone: 32.1% versus 25.7% provincially. Over 10% of our senior population has dementia. The construction of the Centre of Excellence for Integrated Seniors' Services will only create two additional beds for Thunder Bay. The other beds are replacements for three long-term-care homes that are being closed. We have heard nothing about replacing two of Revera's oldest long-term-care homes that are extremely cramped.

Beyond inadequate physical space, there is the government's distressing failure to provide funding that is tied to a minimum standard of a daily average of 3.5 hours per resident for hands-on care in long-term-care facilities.

0930

Front-line staff: There is a shortage of trained front-line staff, and it's chronic. Staff at the hospital, long-term-care homes and in home care all report unease from knowing as they commence their shift that they will never be able to complete all their work during the allotted time. There are simply not enough hands for hands-on care.

We've got some recommendations like withdraw section 28 of the Ministry of Government Services Act from Bill 55; cancel the corporate tax cuts and eliminate employer health tax loopholes; move Ontario's health care funding into line with the rest of the country for medically necessary services in all settings; provide timely core funding that is sensitive to real cost; restore hospital funding to meet, at minimum, hospital inflation and stop service cuts; reinstate and fund a measurable long-term-care home minimum standard of care of 3.5 hours per resident per day; examine and curb excessive administration and executive costs in health care; stop the increasing privatization of health care, especially in home care and long-term care and clinics where millions of dollars end up as profit for shareholders; provide catastrophic drug coverage within a federal framework; and address the social determinants of health: economic equity through good jobs, income support, social housing, inclusive community supports and education.

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute to wrap it up.

Ms. Suzanne Pulice: That's it.

The Chair (Mr. Bob Delaney): Exquisitely done. The questioning will come this time from the government side: the parliamentary assistant, Mr. Yasir Naqvi.

Mr. Yasir Naqvi: Good morning, Suzanne and Sara. Thank you very much for dialing in and participating in these hearings. My name is Yasir Naqvi. I'm the member of provincial Parliament for Ottawa Centre.

I wanted to ask you a couple of questions based on the submission that you just made. One of them is around the support that has been announced in this budget for northern and rural hospitals, particularly a transition fund that will help them become more efficient for patients and, in turn, provide better services that lead to better health outcomes. Do you support that kind of investment in northern hospitals?

Ms. Sara Williamson: Oh, we definitely support it. We're just saying that it's still not enough. The larger hospitals in Thunder Bay, St. Joseph's Care Group and Thunder Bay Regional Health Sciences Centre—they're in the large hospital category, and they're struggling with the funding that is being allotted at this point. It's not going to be enough with the transition.

Mr. Yasir Naqvi: Okay. I want to also get your views on the action plan on health care that was announced by the government that the Minister of Health has been working on, which focuses on investing more in our communities to provide care that is closer to home, especially for our seniors and those with chronic conditions.

We know that large institutions like hospitals are not the best place for them to get care because (1) it's more expensive and (2) it's not suitable for what they need. Do you support the direction the government is taking in terms of more community-centred, patient-focused care right close to home?

Ms. Suzanne Pulice: Of course we're in agreement with people being able to stay at home and being given the care that is needed, because we know that when

people are at home, probably the healing time would be greater. We know that when people end up in the hospital and waiting for a bed somewhere or not being able to go home because there's no services that can be provided for them, they deteriorate quickly, especially our seniors. We see that happening all the time.

The concern is, is there enough funding going to that and is there enough educated staff to properly meet the needs of those individuals who will be at home? Right now, we know that a lot of families are having to provide that out of pocket to keep their loved ones at home, and other ones who are unfortunately just taking up beds in the hospitals and in other areas, right?

Mr. Yasir Naqvi: Yes, and the focus is to rectify that. I have one quick question, and that is that the budget also outlines a freeze on the salaries of hospital executives. Do you support that measure?

Ms. Suzanne Pulice: Definitely, but what about the bonuses, though? I know there's a freeze on their wages, but we do know there are also the bonuses that are still there.

Mr. Yasir Naqvi: I hear you. I believe that will be captured as well. Thank you very much for your time—really appreciate it.

The Chair (Mr. Bob Delaney): And thank you for calling in today.

CPAWS WILDLANDS LEAGUE

The Chair (Mr. Bob Delaney): Our next presentation is from CPAWS Wildlands League, Anna Baggio. Is Anna here?

However, I'm advised that our next presentation, Ontario Nature, is here. There you are. Talk about that for service. Please take a seat.

Interjection.

The Chair (Mr. Bob Delaney): Okay. Well, let's go in order, then.

Good morning, and welcome. How's that for service? No waiting.

Ms. Janet Sumner: Thank you. It's fantastic.

The Chair (Mr. Bob Delaney): We're pleased to welcome CPAWS Wildlands League, Anna Baggio, director of conservation land use planning. You have 10 minutes to offer your thoughts and remarks, followed by up to five minutes of questioning. The questioning in this rotation will come from the official opposition. Please state your name for Hansard and then commence.

Ms. Janet Sumner: Thank you very much. I'm Janet Sumner, executive director for CPAWS Wildlands League. With me today is Anna Baggio, our director of conservation planning. Thank you very much for allowing us to come to the committee and hearing our remarks. I appreciate the time and energy that you're putting towards this.

Wildlands League is a leading not-for-profit environmental organization in Ontario. We combine credible science, visionary solutions and bold communications to save, protect and enhance Ontario's wilderness areas. We

are also a chapter of the Canadian Parks and Wilderness Society, which has 13 chapters across the country.

We welcome the opportunity to provide comments on Bill 55. Wildlands League has a long history in Ontario. We've been around for 40 years and have a strong interest in protecting ecosystems. This has meant that we have participated constructively over the years in law reform in the public interest. For example, we played a significant role to help usher in laws such as the Provincial Parks and Conservation Reserves Act, 2006, the Endangered Species Act, 2007, An Act to amend the Mining Act, 2009, and the Far North Act, 2010; and of course we have worked on the creation of new parks as part of Ontario's Living Legacy.

Each time, we found solutions through collaboration and dialogue with progressive stakeholders, including businesses that depend on our natural resources for their own success. Conflicts between mining claims and new park creation were resolved, for example, in dialogue with the Ontario Prospectors Association. Mutual common ground was built with the Ontario Mining Association as we developed our submissions on the revisions to the Mining Act. We also work closely with First Nations, championing mutually supportive objectives and causes. We occupy a particular niche within the environmental community, with an impressive record of agreements and solutions.

Another example of this collaborative work is our participation in the Canadian boreal forest agreement, or CBFA. The CBFA is a historic agreement between nine environmental organizations and 18 member companies of the Forest Products Association of Canada that seeks to conserve significant areas of Canada's vast boreal forest, protect threatened woodland caribou and sustain a healthy forest industry for the communities that rely on it. It is, in essence, a two-pillar approach. We are committed to providing advice and suggestions on these issues to governments in Canada: provincial, aboriginal, federal and municipal.

The Ontario regional working group of this CBFA agreement—which includes representation from Resolute, Tembec, Weyerhaeuser, CPAWS, the David Suzuki Foundation, Greenpeace, Ontario Nature and the Ivey Foundation—has developed a framework for the protection of woodland caribou and for maintaining essential fibre supplies for mills in the forest sector. Most recently, we have come up with an exciting solutions-based framework for the Abitibi River forest in northeastern Ontario that was shaped by the local mayors and First Nations.

We offer our comments on Bill 55 in order to enhance the dialogue evolving with respect to Ontario's fiscal and ecological goals, in order to ensure that any amendments to environmental statutes enacted as a budget implementation measure are consistent with both.

We are concerned, like other groups, that the government has chosen to make amendments to several environmental statutes through an omnibus budget bill. This does not allow adequate time for the public to participate

in government decision-making regarding legislative proposals that may be environmentally significant. As Ecojustice and the Canadian Environmental Law Association note, "The exception from the public participation requirements mandated in the Environmental Bill of Rights, 1993, specifically for amendments to law and policies that give effect to budget implementation presumes that the impact of the proposed amendments will not be environmentally significant."

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We examined the proposed changes using two criteria: to determine if they would save money and be policy neutral. In our estimation, only policy-neutral changes should be included in a budget bill. If the government of the day wants to change the laws, then they should seek public debate and appropriate mechanisms of public participation so that all of us can be engaged. A budget bill is not the place to bring in policy changes to environmental laws that are not policy neutral.

As we have pored over the changes to several environmental statutes, it became quickly apparent to us that several of the changes proposed, with tweaking, could be perceived as having little environmental effect or be policy neutral, but there were others that raised red flags for us. These could have serious, unintended consequences. For example, the proposed changes to section 18 of the Endangered Species Act were the ones that raised the most red flags for us. The intent of this section is to allow the minister to use instruments to authorize activities that would damage or destroy habitat provided they meet certain tests, such as the overall benefit test or the alternatives test. The proposed changes to this section of the Endangered Species Act essentially gut the section and would allow the government to use any instrument to demonstrate compliance with the act without meeting the tests set out in law. This is a serious and significant departure from the existing act and one that requires significant, therefore public, debate. This is why we are requesting that the changes to this section of the act be removed through committee.

An example of a proposed amendment with some tweaking that could save money and be policy neutral is section 19 of the Endangered Species Act with respect to non-commercial activities on a certain area around a person's primary residence. The proposed amendment was drafted with a clause that is open-ended, and it could see sweeping exemptions of the Endangered Species Act on private land. This is why we are suggesting reducing the area where the exemption would apply around a person's primary residence from 50 metres to 10 metres and that it be subject to conditions to be prescribed in regulations. This is the type of tweaking or adjustment that we suggest would help the government meet its intentions around financial health and ecological health.

As we described above, we support a robust public debate on any proposed amendments to environmental laws. A robust public debate is not possible within the confines of this omnibus budget bill. As such, changes should not be contemplated that would preclude public

participation as per the Environmental Bill of Rights. We support the summary of proposed amendments, in order of importance, submitted by Ecojustice and suggest you consider their proposed changes as well as recommendations in your deliberations—see attached.

Thank you for your consideration. We are prepared to take comments or questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much for your presentation. There are just a couple of areas, actually, that I want to talk about. In the first page, you spoke about your history and your involvement and past participation, and you spoke about the Far North Act.

Ms. Janet Sumner: Yes.

Mr. Victor Fedeli: Throughout the remaining pages, you frequently talked about requiring specific public debate, robust public debate, over and over. What are your feelings towards the fact that there was no public debate or no public consultations on the Far North Act held in northern Ontario, the very area under question?

Ms. Janet Sumner: Actually, I attended committee hearings that were in the north.

Mr. Victor Fedeli: Where were you?

Ms. Anna Baggio: Timmins.

Ms. Janet Sumner: Timmins.

Mr. Victor Fedeli: We're talking about the Far North here.

Ms. Janet Sumner: In the Far North—I wasn't prepared to talk about that particularly today. I know that there were consultations with the First Nations. I, of course, was not involved in those because they were government to government, so—

Mr. Victor Fedeli: Every one of the First Nations is asking for the repeal of the Far North Act, and all feel that they were not properly consulted. So I was looking for your thoughts on that.

Ms. Janet Sumner: I'd be happy to have a meeting with you, Mr. Fedeli, and actually talk about our considerations on the Far North and actually prepare something and do that with you. I think that always in laws, they're never perfect. So it's a matter of getting a planning act that actually helps development go forward in a way that makes sense for the environment of the people who are concerned, whether it's the near north or the Far North. We certainly have lots to contribute to that conversation, but I'm not really prepared to have that conversation today.

Mr. Victor Fedeli: I appreciate your repetition in here about requiring a public debate. I do appreciate that.

The Chair (Mr. Bob Delaney): Thank you very much for having come in today and sharing your thoughts and feelings on Bill 55.

Ms. Janet Sumner: Thank you very much.

ONTARIO NATURE

The Chair (Mr. Bob Delaney): Our final presentation this morning is Ontario Nature: Anne Bell.

To members of the subcommittee, would you mind staying behind for just a few minutes following this presentation as we go over some of the still-evolving parts of the remainder of our consideration of the bill?

Welcome. Make yourself comfortable. You've got 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning, this time coming from the NDP. Please state your name for Hansard and then begin.

Ms. Anne Bell: Hello everybody, and thanks for the opportunity to present today. My name is Anne Bell. I'm the director of conservation and education at Ontario Nature. I'm here this morning representing Ontario Nature as well as the David Suzuki Foundation.

I trust everyone has the handout, which includes a slide deck as well as an open letter to Premier McGuinty and another couple of pieces of paper, which I'll refer to as I go through my presentation.

I'm going to jump to page 2 of the slide deck, because I realize I only have 10 minutes so I can't dilly-dally. I guess I'll begin with the two overarching concerns; you've already heard those twice today. The two overarching concerns for our organization are the fact that there are major changes being made to environmental and natural resource legislation, and they're being made through a budget bill, which brings us to our second concern, that this pretty much circumvents the Environmental Bill of Rights, which is a big concern to us.

It's not only a concern to us, but it's a concern to dozens of organizations and thousands of people across the province. I think the open letter to Premier McGuinty, which is attached, demonstrates that. It's a very short letter, but there are three double-sided pages here, because there were so many groups that wanted to sign this letter. The letter was done quickly, and there were groups that didn't have time to sign. I mean, there are a lot of people who are very concerned about the changes to environmental law that are going forward under Bill 55.

The policy implications, in broad strokes: There are exemptions being introduced, there are exemption powers being broadened and created, there's a broad delegation of authority under many of these acts, and there is the extension or elimination of timelines that actually drive planning and reporting processes. These, in our opinion, are very serious and will have serious environmental consequences.

Slide 5 refers specifically to the Endangered Species Act. You've heard about that already this morning. All I can say is that I work with this act almost every day at Ontario Nature. This act was passed with almost unanimous support from all three parties. It has been hailed and continues to be regarded as the best piece of endangered species legislation in the country, if not North America. I really believe that structurally it doesn't need to change. There have been a lot of problems with implementation—I don't disagree—and there may be changes needed. But if there are changes needed, those should be publicly discussed. They should not be passed

through a budget bill that has no opportunity for public comment, particularly considering how dramatic these changes are and what will happen.

There are a number of other pieces of legislation in slide 6, which I mention. There are five other ones that are of deep concern. I don't work with these every day, but having looked at what the changes are, and at the analysis done by Ecojustice and the Canadian Environmental Law Association, I think there are very serious concerns with these other pieces of legislation as well. Broad strokes: It's about exemptions, it's about delegation of authority, it's about delaying timelines, it's about getting the government out of regulation of the environment.

What is MNR trying to accomplish? Here I've quoted directly from the addendum to the budget bill. That's what MNR—the Ministry of Natural Resources—is trying to accomplish in its own words. My interpretation of this: MNR wants to get out of permitting, they want to download responsibilities and they want to reduce their obligations for planning to conserve, manage and use our natural resources. I think this is of real concern.

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How much money will MNR save from these legislative changes? Well, here again, straight from the budget bill: \$2.1 million this year; a total of \$11.1 million over three years. Honestly, folks, out of the target this year for MNR, which is to reduce its budget by \$65 million, the fact that it's going to gut all of these environmental laws for \$2.1 million seems a little bit much to me. If you put it in the context of the overall provincial budget, \$2.1 million this year is pretty much a drop in the bucket, and I hope you agree with me. It would be a lot of money to me personally, but when you're talking about trying to reduce a budget by billions of dollars, it isn't much, yet look at what is happening in response to this.

So I think there are two questions we need to ask: Is it worth it? Is there another way?

Is it worth it? I'm sure you know what I think. It's not worth it.

What I've got here is a slide, slide 9, that just touches on some of the studies that have been done about the value of our natural resources in Ontario. That top bullet there is a study that was done by the Ministry of Natural Resources three years ago on southern Ontario and what they call the ecosystem values produced by nature in southern Ontario per year, and it's over \$84 billion.

I'm going to direct you to another one of the handouts, which is a table. This is a table that comes directly from that MNR report, and it tells you exactly what they've evaluated. It's called ecosystem services. It includes what nature does for us in terms of recreation, aesthetics, other cultural values, pollination, habitat refuge for wildlife, atmospheric regulation, soil retention and erosion, water quality, water supply. Then it gives you the totals for each kind of natural area and what it does for us.

If you look, for example, at forests, open water or wetlands, you see that the bulk of that \$84-plus billion per year is from those places. So I think it behooves the

government to make sure that those things are added into our calculations when we talk about gutting environmental law for a couple of million bucks. It just doesn't match up, and I think that's the danger. We need to look not only at the costs of doing permits, planning etc. We need to look at the costs of not doing that. What will be the costs in terms of a lack of government oversight on the management of our resources if we proceed with these pieces of legislation?

I'm not timing myself, so I'm rushing through this as fast as I can.

What are the alternatives?

The Chair (Mr. Bob Delaney): Don't worry, I'm keeping track of your time, and you're okay.

Ms. Anne Bell: Okay. Take a look at the Drummond report. I haven't read the whole thing, but I've read the bits that are of relevance to MNR and its budget and what it's proposing. One of the first things that it says is, recommendation 13.1, "Move towards full cost recovery and user-pay models," and there are examples of how this is working in Ontario that the Drummond report underlines. One of them is Drive Clean; the other, the renewable energy approvals.

If people want, for example, to develop an endangered species habitat, they want to destroy habitat or they want to cause harm to the species and they want a permit to do that, surely they can pay for the permit to do that. Surely it isn't the public, the government, that should be paying to give industry permits to destroy habitat or to harm endangered species. It makes sense. If you're going to have an impact on the environment and you need a permit to do that, you should pay for that permit. Full cost recovery: That's a recommendation of the Drummond report that I fully support.

Another aspect of the report which is quite interesting in light of MNR's budget for this year is the examination they do around business subsidies. They're quite hard on business subsidies, if you've had a look. I've got a quote here from the report: "Empirical evidence suggests that business subsidies are often not an efficient use of public resources and have done little to raise living standards."

I wanted to draw your attention to the fact that millions of dollars in subsidies are handed out to industry every year by the Ministry of Natural Resources. Last year, it was to the tune of \$9.35 million to the forestry industry. This year, it's a subsidy that's still in the budget of \$60 million for what's called the forest access roads program. This is the program that punches roads into forests. Obviously it's not something that our organization loves, and we really don't love the fact that \$60 million is going to be put towards that in this year's budget. If you compare that to the fact that the ministry is trying to reduce its budget by \$65 million, it's kind of ironic how close those two totals are. If MNR can find \$60 million for forestry roads, surely it can find a few million bucks to do the permitting, the planning etc. that's required under the laws that it is proposing to eliminate.

Ending with a recommendation: Our recommendation is to withdraw those schedules. We think you should just

simply take them out. The government is going to save a total of \$2.1 million this year and \$11.1 million over three years. Is it worth it? I don't think so. Moreover, even if you do think it's worth it, I think those things can—we can pay for permits. We can pay for planning. We can pay for all those things if we do it properly and we follow the recommendations of the Drummond report around full-cost recovery and around taking a really hard look at business subsidies.

Take five million bucks from that forest road access program this year, and put it towards covering the permitting and the planning that's supposed to go on under all of these laws. I think it can happen. That's it.

The Chair (Mr. Bob Delaney): And now you're down to your last few seconds.

Ms. Anne Bell: That's my last slide. That's my recommendation: Pull the schedules, the six that are listed here, and take care of our rivers, our forests, our wildlife, the things that people love and the things that people are relying on the government to do.

The Chair (Mr. Bob Delaney): What good timing. Mr. Prue.

Mr. Michael Prue: Yes, I have a couple of questions. One statement you made, I'm not sure that you actually meant it. You said that the staff or the people who work at MNR are looking forward to having some of these things taken away from them. It has been quite obvious that it's the other way around. When their staff people come here, when the union comes here, they are fighting tooth and nail to protect what they do.

Ms. Anne Bell: I don't think that—no; if that's the impression I gave, that's certainly not what I meant. There are amazing people on staff at the Ministry of Natural Resources. This is not what I would call the staff that are doing things. These are the people higher up who are making decisions, and I don't know who made these decisions about the permitting and the planning and all the rest of it. I don't know, but no. If that's the impression I gave, absolutely not.

You'll notice that letter to the Premier is signed by two labour groups.

Mr. Michael Prue: Good. I just wanted that to be clear for the record because that one sentence just troubled me a little bit—

Ms. Anne Bell: I was trying to go too fast, so I probably said something odd.

Mr. Michael Prue: I know that. The MNR has, over the last 10 to 12 years, lost significant portions of its budget. It's one of the ministries that has been the most affected by downsizing. What has been your experience as a result of that downsizing? They've gone from about—I was told about 6% of the budget in Ontario at one point down to less than 1%.

Ms. Anne Bell: I think it's at—it's very small, and it's gone down dramatically. At the same time, the number of pieces of legislation that it has been responsible for has skyrocketed. So there's a real problem there.

In terms of my experience—to be quite honest, I've only been at Ontario Nature for four years, so I don't

have that depth of experience. But one of the things I'm really worried about in terms of the staffing cuts is the delivery—the actual interaction with people at the local level. The delivery of what needs to happen in terms of government oversight in communities is going to be axed, and that's a huge concern.

We work very closely, for example, with the stewardship councils of MNR—great people doing great things, and those are all now at risk and likely to be cut. I'm not sure. I don't know the details of the plans, but it's a great concern.

Mr. Michael Prue: Today marks four weeks exactly to the day that you sent this letter to Dalton McGuinty. Have you had a response?

Ms. Anne Bell: No.

Mr. Michael Prue: Have you had an acknowledgement of receipt?

Ms. Anne Bell: I had acknowledgement of a receipt, and I can't remember if it was this letter. I'm sorry, I can't remember.

Mr. Michael Prue: Okay, can't remember. But certainly no substantive response to this letter?

Ms. Anne Bell: No.

Mr. Michael Prue: Any response from any other ministries to this letter, particularly the Ministry of Natural Resources or Environment or Finance?

Ms. Anne Bell: No.

Mr. Michael Prue: No response at all. Now, the people who've signed it here, this is the who's who. When I read through these names, these are the who's who of the environmental movement, not only in Ontario but in Canada.

Ms. Anne Bell: That's right.

Mr. Michael Prue: Have they been putting any pressure on the government to get a response? Here we are, we're coming right down—the vote is next week.

Ms. Anne Bell: The challenge for all the groups is that there is something very similar happening federally, so a lot of the national groups are working at that level. However, there are a number of these groups—the David Suzuki Foundation, Greenpeace, for example, those are national organizations that are paying close attention to this. A lot of the other ones are not paying as close attention. So I'm assuming that there will be some letters coming, and I don't know how many are planning to actually participate in these hearings. I don't know.

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Mr. Michael Prue: We know what's happening nationally, and I think we're all a little upset about what the federal government is doing around the environment and the omnibus bill. But I am unaware—do you have any information on whether any other provinces are taking the same kind of route as Ontario is here to continue to slash its natural resources budget and to put the environment at risk?

Ms. Anne Bell: I'm not aware. I don't know.

Mr. Michael Prue: You don't know whether there's any, okay. This seems to be going it alone, and we're a little disturbed at why the province of Ontario wants to

do this. Have they given you any explanation? They certainly haven't given me one. Have they given you any explanation of why they need to do this, other than to save \$2 million?

Ms. Anne Bell: It's basically to meet the target. It's about getting out of permitting and all of those other things that require staff.

The Chair (Mr. Bob Delaney): And on that note, thank you very much—

Ms. Anne Bell: And modernizing would be the other thing that they've said.

The Chair (Mr. Bob Delaney): Thank you for having come in today and for sharing your thoughts and opinions.

Ms. Anne Bell: Thanks.

The Chair (Mr. Bob Delaney): This concludes our presentations for this morning.

If I could ask Mr. Shurman, Mr. Prue and Mr. Naqvi to please stay behind for just a few minutes for an impromptu subcommittee meeting.

We are now in recess until 1:30 this afternoon.

The committee recessed from 1002 to 1330.

MR. DAVID WHITE

The Chair (Mr. Bob Delaney): Good afternoon, everybody. We are here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various acts. This afternoon, our first presentation will be from David White, whom I gather is in the room. Mr. White, if you could please make yourself comfortable. You'll have 10 minutes to give your presentation to the committee. The questions of up to five minutes will follow from the government side. Please state your name for Hansard and commence.

Mr. David White: I don't think I'll be taking 10 minutes. I think I'll be briefer than that.

This is on, I gather?

Interjection: Yes, it is.

Mr. David White: Thank you very much, Mr. Chair, ladies and gentlemen, for the opportunity to address the committee on the subject of the budget.

The annual budget sets out in financial terms the basic values of the Ontario Legislature. In my view, the 2012-13 budget should state clearly that it is the intention of the Legislature to move the province to a condition of greater economic equality and should contain specific measures within it to accomplish this objective.

The proposed amendment that would add a new tax bracket for those whose income in excess of \$500,000 a year, an amendment which I understand the government is prepared to accept, is a useful step in this direction.

The proposal to increase the Ontario Works and ODSP rates by a few percentage points is also a useful step. However, I would suggest that these rates be increased to the level, allowing for inflation, that was implemented by Premier Mike Harris in 1995. I understand the single rate for Ontario Works, if so amended, would be approximately \$824 monthly. Mr. Harris, whatever his strengths

and weaknesses were, was never known to be overly generous on income support, yet even he recognized that a level that would have translated into approximately \$824 today would be an appropriate level for single people on Ontario Works. Given the source of that position, it seems to me that that's an idea that should enjoy all-party support in the Legislature.

Another useful amendment would be to carry through with an increase to the Ontario child benefit to \$1,310 this year, as was originally proposed.

Together, these three changes would be a good down payment on a longer-term effort to achieving greater income equality.

I recognize that it is possible that some greater tax effort would be required to implement these changes. Perhaps one extra tax bracket will not be sufficient, or perhaps the proposed one would need to kick in at a level somewhere below the \$500,000-a-year level.

Looking to the future, it would be really interesting for the government to undertake a study of tax, minimum wage and other measures that would be required to meet income equality objectives in the next few years. I envisage such a study to be a counterpart to the Drummond report but addressing, amongst other things, the revenue side of the picture.

My final point is that the main reason to move to a society of greater equality is that it is the morally correct thing to do. However, there is good reason to believe that there are also cost benefits that will accrue to the government of Ontario and to all of us if indeed we move in this direction. Some studies have shown that more unequal societies are more likely to experience social problems such as higher homicide rates, higher incarceration rates, poor educational performance etc. It is evident that such problems lead to higher costs for government, whatever the political stripe of that government may be.

Those are my submissions, Mr. Chair.

The Chair (Mr. Bob Delaney): And thank you very much. The questioning this time will come from Ms. Piruzza on the government side.

Mrs. Teresa Piruzza: Thank you, Mr. White, for taking time out to come and speak with us today with respect to your submission. Your submission—as I read it through, and I was listening as you were speaking and trying to follow along as you were reading as well—I understand is with respect to the equality within society. I see that in terms of your main point. There are a couple of things that you brought up that indicate that you support what is in the budget, with respect to the higher taxation for the higher incomes, the increases to OW and ODSP. With respect to the OCB, we haven't gone up to the \$1,310 but we are going to see an increase in that benefit this year as well.

I recognize that with these, you're indicating as well that we need to go a bit further with that. My background is specifically in working with this area as well. I was the executive director in Windsor working with this group prior to my election, and I think part of the motivation for me to run was as much as we've done with respect to

poverty reduction in our government as well. You may be aware of the social assistance review, and the reform that is currently being completed in terms of the review. Have you had any consultation or any discussion with that group, or are you aware of that review, from which we're awaiting the final recommendations?

Mr. David White: I'm aware that that study is ongoing, and as I understand it, they will be reporting fairly soon. I think at minimum what the government should do is allow for a generous increase to ODSP and Ontario Works rates by at least earmarking funds. You're probably correct: It would be appropriate to wait until their report comes forward. But it's hard to imagine that they're going to recommend anything but a significant increase to those rates, and I think Ontario should move quickly to implement significantly improved rates when the time comes. Hopefully that time will be soon.

Mrs. Teresa Piruzza: With respect to that balance—of course another one of our priorities is to reach a balance in terms of the budget as well. We're trying to balance between priorities of education, health care, social assistance and what we need to do in the province. How do you balance that?

Mr. David White: Well, I've indicated that to implement what I'm suggesting here would no doubt require greater tax effort than is proposed in this budget, and I think the government should look in that direction.

Mrs. Teresa Piruzza: So, look toward more revenue?

Mr. David White: Yes, look at the revenue, and certainly, as I've suggested, do a more fundamental ongoing review of revenue tools, as they're sometimes referred to, which comes down in many cases to taxes, to look to the future and see where further revenue could be obtained to try to move this province to a position of greater income equality.

Mrs. Teresa Piruzza: We have had other presentations that spoke to studies of unequal societies and some of the impacts here, so I take it that's from the same presentations that we've heard earlier.

Mr. David White: I'm sorry, I didn't quite hear that question, and I'm a little hard of hearing.

Mrs. Teresa Piruzza: Sorry about that. We've had other presentations earlier today and yesterday that spoke to some of what you've indicated in terms of the social problems that have arisen as well. Is that from that same study, or what study is this based on that you have here?

Mr. David White: There's a book called *The Spirit Level*, by Wilkinson and Pickett. I believe some other deputants may have at least referred to that study as well, and that's what I'm referring to. I think there would be a consensus in this room, and I'm sure in the Legislature as a whole, that some of the issues that are listed there certainly lead to higher costs for government in the long term.

Mrs. Teresa Piruzza: Thank you, Mr. White, for coming in. I appreciate your time.

The Chair (Mr. Bob Delaney): And thank you for being almost perfectly right on the mark on time. Thank you for your time today.

INCOME SECURITY ADVOCACY CENTRE

ADVOCACY CENTRE FOR TENANTS ONTARIO

The Chair (Mr. Bob Delaney): Our next deputation will be the Advocacy Centre for Tenants Ontario and Income Security Advocacy Centre. Take a seat. Make yourselves comfortable. You'll have 10 minutes to present your remarks, followed by up to five minutes of questioning. This round of questioning will come from the opposition. Please begin by stating your names for Hansard and then carry on.

Ms. Jennifer Laidley: Thank you very much for the opportunity to speak before the standing committee today. My name is Jennifer Laidley. I'm with the Income Security Advocacy Centre. ISAC is a specialty legal clinic with a province-wide mandate that works to resolve the systemic problems built into Ontario's current social assistance programs.

Ms. Mary Todorow: My name is Mary Todorow. I'm with the Advocacy Centre for Tenants Ontario. We also are a specialty legal clinic with a province-wide mandate to improve the housing situation of low-income Ontarians, including tenants, co-op members and homeless persons. Both of our clinics are funded by Legal Aid Ontario.

We're here to express our grave concern about the elimination of two critically important benefits for people on Ontario Works and the Ontario Disability Support Program, as announced in the 2012 budget. These are the Community Start-Up and Maintenance Benefit and the home repairs benefit.

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Cutting these benefits is extremely problematic for two very important reasons: first, because it will have a very negative impact on the nearly 900,000 Ontarians who currently rely on OW and ODSP for their incomes, which are already far below the poverty line; and second, because of the implications that these cuts have for other social reform processes that are currently under way. We're very concerned about the lack of consistency and coordination between the actions being taken in the budget and the reforms being undertaken in these other venues.

Ms. Jennifer Laidley: I'll speak first to the impacts on people.

The loss of the community start-up and maintenance benefit, which we affectionately refer to as CSUMB, will have a serious negative impact on people on OW and ODSP, the vast majority of whom are renters. The benefit provides funds once every two years for people on OW and ODSP to maintain their housing. Essentially, this is a homelessness prevention benefit. It helps people pay for things like first and last month's rent deposits, to buy or replace furniture, to put down deposits on utilities or to pay overdue utility bills.

There are three aspects of this benefit that make it particularly important for people on social assistance. First, it's targeted to help them specifically. People on assistance are among the most vulnerable in Ontario.

Second, it provides people with direct assistance, the direct cash assistance that they need to retain their housing and prevent homelessness. Third, this benefit is mandatory. People who are denied the benefit are able to appeal the decision, and this oversight ensures a measure of fairness for Ontarians with low income and protects them from arbitrary decision-making.

All three of these critical factors are going to be lost when CSUMB ends in January 2013 and a new consolidated housing and homelessness fund comes into force. We'll talk about that in more detail in a moment.

The loss of CSUMB will hurt many people across Ontario—people who, we will remind you, live on incomes that are far below the poverty line provided by OW and ODSP. These are people who otherwise cannot afford these expenses. Their incomes do not allow them to budget. There's no wiggle room. The fact that they rely so heavily on food banks is evidence that the funds they receive are insufficient to meet even their daily needs, let alone pay for large expenses like the ones that CSUMB funds.

The people who will be hurt include women trying to move from transition shelters into permanent homes after experiencing domestic violence. It will hurt men trying to move from the shelter system into permanent homes. It will hurt people dealing with bedbug infestations, which in Toronto we know is a big problem. It will hurt people who cannot afford the rising cost of energy. About 16,000 Ontarians currently rely on this benefit each month.

Ms. Mary Todorow: The second critically important benefit for people on assistance that's being lost is the home repairs benefit. This benefit helps low-income Ontarian homeowners who are struggling to maintain and repair their own homes.

The home repairs benefit helps people on assistance pay for things like emergency plumbing repairs—we all know how expensive it is when you're dialling for the plumber—patching a leaky roof, or repairing damage from fire or floods. They access this money after they have checked to make sure that it's not going to be covered by their insurance policy. That's in the directive. But starting January 2013, this benefit ends.

The only alternative for people on OW or ODSP who own their own homes will be programs such as Ontario Renovates, which provides loans for repairs, not grants, and they simply can't afford to repay these loans.

This cut is more likely to affect people with disabilities who are on ODSP and those in rural, northern and First Nations communities.

We'd like to talk about the implications that these cuts have on other reform processes that are currently under way. This does connect. Four and a half years ago, the government announced its poverty reduction strategy. As part of the strategy, commitments were made to a long-term affordable housing strategy and to a review of social assistance in Ontario.

The long-term affordable housing strategy was announced two years ago in November 2010. As part of that strategy, a new consolidated housing and homeless-

ness program fund is being created, with the first phase of this consolidating taking place in January. They're going to be consolidating five programs and then, as announced in the budget, 50% of the CSUMB funds currently under Comsoc are slated to be combined with the funding from the five other programs and transferred to municipalities. Municipalities are going to set their own local priorities for these funds, which will be spread over a larger pool of potential clients. CSUMB was only for people on OW and ODSP. This money that goes into the pool will be spread over potential eligibility for all low-income people in the community.

The provincial criteria and accountability framework for this fund—they're working on it now. It hasn't gone out. We don't know the details. We're looking forward to seeing that. The local housing and homelessness plans that are required by the Ministry of Housing under the Housing Services Act are not to be initially approved until January 2014, so that's a year after this consolidated fund goes into effect at the beginning of next year, 2013. Moving 50% of the CSUMB funding to municipalities before they understand and plan responses to their local housing and homelessness issues is, we think, out of step with good policy implementation and the timetable that has already been established by the government in the Housing Services Act. And it remains unclear at this point how moving the CSUMB funds will impact First Nations, who currently administer CSUMB on reserve.

Ms. Jennifer Laidley: And the other process that's under way, as I'm sure you all know, is the commission that was mentioned earlier, the commission for the review of social assistance, which has been working since January 2011 to build recommendations for large-scale reform of a system that doesn't serve the people it's intended to serve, is cumbersome and difficult to administer, and makes very little economic sense in the current labour market.

The commission is about to deliver its final report. We're expecting that report at the end of June, so making cuts to social assistance benefits at this time, before the comprehensive review is complete, simply pre-empts and undermines the important process of reform that will arise out of the work of the commission.

We know that municipalities across Ontario are very concerned about the loss of these two benefits, as well as the cap that the budget puts on discretionary health-related benefits. We know that First Nations across Ontario are similarly concerned. We joined with seven First Nations communities from the north shore of Lake Huron at a rally at Queen's Park on Monday against these cuts. We also know that housing workers, community legal clinic caseworkers and others who support people living in poverty on OW and ODSP are similarly concerned. They feel that these cuts will result in more hardship, more desperation and, in fact, more homelessness among people on assistance.

We're strongly urging this committee to take some action to reverse this cut and restore full funding to these critical programs.

Ms. Mary Todorow: Now, we understand that the budget bill itself doesn't, per se, implement this cut. In fact, regulations are being issued right now. They have been issued to start the process. But we felt we had to come and let you know what our concerns were, and that this was a good venue to be able to do that.

Ms. Jennifer Laidley: So thank you.

The Chair (Mr. Bob Delaney): And thank you. Your questions will come from Mr. McNaughton.

Mr. Monte McNaughton: Thank you very much, and thanks, Mary and Jennifer, for your presentation today. I just wondered, just quickly, your opinion on the McGuinty government's HST on home heating and hydro bills.

Ms. Jennifer Laidley: You can speak to that, I think. Can you?

Mr. Monte McNaughton: I'm sure you heard a lot about that over the last year or so.

Ms. Mary Todorow: Well, I mean, that adds to the cost of energy. Both our clinics are founders of the Low-Income Energy Network. We've actually proposed a very comprehensive program to address rising energy costs for low-income consumers. In fact, the government has taken some very good steps towards what our model is—our preferred model. They have taken steps to increase the amount of emergency energy funding available for people on low income who are in short-term crisis. They have put together customer service rules through the Ontario Energy Board.

In fact, I was just at the Ontario Energy Board yesterday, telling them about the CSUMB cut and saying, "Look out, because with this cut, because you can pay for utility arrears through CSUMB, you're going to look at more demands on the funding that is already out there." In fact, we heard about the utilities that used up their funds within a month and a half of last year when the LEAP emergency financial assistance program started and they had to do some bridging.

So there are customer service rules, waivers of security deposits, a longer time period to look for assistance to keep your service connected—21 days if you are low-income. There are arrears payment programs. The thing that we're still looking for is actually a low-income rate assistance program, specifically for low-income people. It will be a fixed benefit. There's a conservation incentive built in to that and we're hoping the government is going to adopt that. There are also conservation and energy efficiency programs at no cost to low-income consumers and that is being rolled out now. So, in fact, we're actually making some progress on helping low-income consumers with their energy costs.

Mr. Monte McNaughton: But the HST on hydro and home heating for low-income families has affected them negatively, in your opinion?

Ms. Mary Todorow: I would just say that the fact that energy costs are rising—you know, our coalition, for the Low-Income Energy Network—there are two things going on here, because we have the environmental groups, and anti-poverty and affordable housing groups. We realize that price signals can go up for energy costs

that will create an incentive for people to reduce their energy use. But low-income people, particularly as most of them are renters, actually don't have the ability to respond to those price signals because they don't control their housing, the energy tightness of the units that they're in. It's not as easy to just say, yes, the HST is the problem. I really recommend that you go to our website and take a look at all the—

Mr. Monte McNaughton: Great. Well, thank you very much for coming today.

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Ms. Mary Todorow: Okay, thanks.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation.

CIVIL RIGHTS IN PUBLIC EDUCATION

The Chair (Mr. Bob Delaney): Our next presenter is Malcolm Buchanan. Good afternoon, and welcome to the committee.

Mr. Malcolm Buchanan: Thank you very much.

The Chair (Mr. Bob Delaney): You've been following along the plot line. You have 10 minutes to make your remarks, followed by up to five minutes of questions. This time, the question rotation will see your questioning come from the members of the NDP. Please state your name for Hansard and then begin.

Mr. Malcolm Buchanan: My name is Malcolm Buchanan; I'm from Hamilton, Ontario, and I'm the former general secretary of the Ontario Secondary School Teachers' Federation. I'm representing Civil Rights in Public Education. Civil Rights in Public Education is an organization composed of citizens of different backgrounds committed to one strong public education system, which offers neither privilege nor prejudice to anyone.

The 2012 Ontario budget makes reference to amalgamating school boards to find ways to reduce administrative expenses, streamlining services and finding savings to preserve funding for the classroom. The government is hoping to find savings of \$10.5 million in non-classroom expenditures by the amalgamation of public with public school boards and Catholic with Catholic school boards in the year 2013-14. It is also hoped that by 2014-15, through further amalgamations, that an additional \$16.7 million in savings will be generated.

This is not enough. The government's proposal will not generate significant savings nor result in reducing waste and duplication.

The Commission on the Reform of Ontario's Public Services was charged with the responsibility to identify areas of overlap and duplication that could be eliminated to save taxpayers' dollars. The question has to be asked: Why didn't the commission review this obvious area of overlap and duplication? Was there political interference? Was it an oversight by the commission?

Ontario is facing a serious financial challenge. The current Ontario deficit is approximately \$17 billion and growing, and the accumulated debt is approximately

\$250 billion and growing. Moody's Investors Service has warned that it might lower Ontario's credit rating if the province does not take serious steps in the next budget to deal with its multi-billion-dollar deficit. This in turn has created additional financial uncertainty. Now is the time to propose bold measures to address Ontario's long-term financial problems. Given Ontario's financial situation and given Moody's intention to lower Ontario's credit rating, the Minister of Finance has been quoted as saying that it shows that the government must be "relentless" in meeting its target to eliminate the province's deficit by 2017-18.

Civil Rights in Public Education suggests that the Ontario government review the current government policy of funding four publicly funded school systems in Ontario that account for billions of dollars of taxpayers' money. The four publicly funded school systems are: English public; English Catholic; French public; and French Catholic.

There are currently 72 publicly funded school boards in Ontario. There are 31 public school boards, 29 English Catholic school boards, four French public school boards, and eight French Catholic school boards. There are about 5,300 directors of education, supervisory officers and board administrative staff. Since 2003, enrolment in Ontario has declined by 128,000 students. The funding of Ontario's publicly funded school systems comes from the government's general revenues.

It should be noted that there are more Catholic school boards than public school boards, despite the fact that public school boards service more than twice as many students. This inequity is not cost-effective. There is overlap and duplication in education delivery and services between the coterminous public and Catholic school boards.

The proposed 2012-13 grants for student needs is approximately \$21 billion—up \$6.5 billion, or 45%, since 2003. This is becoming unsustainable.

Civil Rights in Public Education proposes that, instead of continuing to publicly fund four school systems, establish a single, non-sectarian, publicly funded school system made up of English- and French-language public school boards. Such a school system would meet the constitutional requirements of the province to provide public education to the English- and French-language population. There is no constitutional guarantee that obligates the province to fund religious-based schools, including Catholic schools.

The constitutional obligation used to justify the public funding of Ontario's Catholic schools can be removed by legislation. Recent constitutional history, as seen both by Quebec and Newfoundland, reinforces that point.

Having four publicly funded school boards involves an incredible amount of costly duplication and waste that should be addressed. For example:

Significant savings would be found in reducing the number of school boards as a result of reconfiguration of their boundaries into English- and French-language public school boards.

Significant savings would be found in school board administration: fewer board offices, directors, superintendents, senior officers, HR departments, IT departments and so forth.

Significant savings would be found in student transportation. Although there are transportation consortiums among coterminous public and separate school boards, there is still a great deal of overlap and duplication. For example, hundreds of thousands of students are bused to school every day. Tens of thousands are bused past their nearest publicly funded school to attend another publicly funded school.

This situation is only going to get worse as school boards are forced to close schools due to declining student enrolment. Under a single public school system, local community schools will be able to remain open, since they would be able to enrol students from both the previous public and Catholic systems. This would enhance efficiency and be more cost-effective than busing all the students to another school outside of their local community.

Significant efficiencies and savings would be realized in bulk purchasing of education materials, including textbooks, computers, paper, cleaning materials and so forth.

Other efficiencies and savings would be realized if the existing capital assets of the public and Catholic school systems were amalgamated and utilized; and significant efficiencies and savings would be realized in school operations and maintenance if the public and separate school systems were amalgamated.

English Catholic school boards generally receive higher funding than English public boards, while French public boards—the smaller boards on the French side—generally receive higher funding than French Catholic boards. French boards receive higher funding per pupil than English boards due to their more dispersed students and schools.

An analysis of the 2009-10 revenues from provincial funding forwarded to Ontario's four duplicate school systems indicates that separate boards receive 38% of those dollars for 32% of the students.

Specific examples of the breakdown I've outlined there for you: For the Ottawa area, the Ottawa-Carleton board in the coterminous Catholic and French, you can see the dollars and they can be worked out and they could be checked out by the ministry's own data.

The same thing for Hamilton: You see that the English public board gets \$10,561 per student and the English Catholic gets \$10,764, which is 1.9% more per student, and so on and so forth. That trend is across the province.

Catholic boards spend taxpayers' money each year advertising to ensure that as many Catholics as possible identify themselves as Catholic school supporters on municipal tax rolls, even though school board funding is determined based on enrolment and other documented needs. The purpose of this exercise is political and not financial.

Some school boards, both public and Catholic, often attempt to deal with declining enrolment by launching

recruitment campaigns to draw students away from their coterminous boards. In 2005, the Toronto Catholic board conducted a \$750,000 recruitment campaign.

Given the existing inefficiencies, even a paltry 5% could be saved through transformation of the existing four publicly funded school systems into a single public school system made up of English- and French-language school boards. These savings would be available each and every year and would amount to between \$750 million to \$1 billion.

The budget is proposing that hospital expansions be abandoned; wage rollbacks for public sector employees; and a whole host of other cuts, while these savings in the long term would help offset those cuts and would maintain strong social services.

Savings from the amalgamation—and I'll repeat—of the public and Catholic school boards could be used to maintain and enhance not only education but other social services that benefit all.

The economic situation confronting Ontario is daunting. It's time for bold proposals. The abolishment of public funding to the Roman Catholic school system is needed.

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The amalgamation of Catholic boards into a public, non-sectarian school system would not be difficult. There's great similarity. They teach the same curriculum. They have the same qualifications—

The Chair (Mr. Bob Delaney): And you have about one minute left.

Mr. Malcolm Buchanan: Yes. I'll just get to the point about the recommendations. The recommendation is that a single school system proposal addresses waste, reduces overlap, duplication in services and ensures best value for public money while disadvantaging no one.

Recommendations: that the Standing Committee on Finance and Economic Affairs request the Ministry of Education to carry out a comprehensive study of the potential cost savings that would be generated resulting from the amalgamation of Ontario's public and separate school systems.

Second recommendation: that the Standing Committee on Finance and Economic Affairs recommend to the Ontario Legislature that, commencing in the 2014-15 school year, Ontario's public and separate school systems be amalgamated into English and French non-sectarian public school boards.

The third and last recommendation: that the Standing Committee on Finance and Economic Affairs recommend to the Ontario Legislature that all direct and indirect public funding to Ontario's separate school system be terminated effective September 2014.

The Chair (Mr. Bob Delaney): Thank you very much. This round of questioning will come from the NDP. Mr. Prue.

Mr. Michael Prue: Actually—

The Chair (Mr. Bob Delaney): Oh, I'm sorry. Ms. Armstrong.

Ms. Teresa J. Armstrong: Thank you. First, I want to thank you, Mr. Buchanan, for your presentation. I know

you didn't get to read all of it out loud, but I guess the main message that you were coming to tell today, the story you tell today, was, if I understand correctly, you don't agree with the separate Catholic school board system as one of the pieces in there.

Mr. Malcolm Buchanan: Yes. Well, I do not disagree with the separate or Catholic separate school system, but it should not be funded publicly. They have every right to exist, but not on the public dime.

Ms. Teresa J. Armstrong: All right, and that's what I was referring to as well. So your proposal, then: You want to discontinue the funds of the Catholic—

Mr. Malcolm Buchanan: Absolutely.

Ms. Teresa J. Armstrong: And by doing that, how much do you think it'll save?

Mr. Malcolm Buchanan: It's a guesstimate, and nobody has been able to disprove this when we've talked to ministry officials about this. It could range between \$750 million to \$1 billion in the long term. If you start the amalgamation process in 2014-15, for example, there would be some savings, but not significant. The savings would potentially grow over a period of time as the school boards were amalgamated: all the property values, the school board problems in staffing. In the long term, it would generate quite a savings.

Ms. Teresa J. Armstrong: The one recommendation that you have here is that "the Standing Committee on Finance and Economic Affairs instruct the Ministry of Education to carry out a comprehensive study of the potential cost savings that would be generated"—

Mr. Malcolm Buchanan: Yes.

Ms. Teresa J. Armstrong: Do you know if anything like that has ever been done?

Mr. Malcolm Buchanan: One hears rumours that it has been done but it was buried, but I can't verify that. The Drummond commission should have done this, and they didn't. Submissions were made to them, along with myself and numerous other groups, and they did not study the issue.

Ms. Teresa J. Armstrong: Do you mind if I ask you a personal question?

Mr. Malcolm Buchanan: Absolutely.

Ms. Teresa J. Armstrong: What school did you teach at for secondary?

Mr. Malcolm Buchanan: I taught at Parkview vocational school in Hamilton.

Ms. Teresa J. Armstrong: Okay. And I assume that wasn't a Catholic school?

Mr. Malcolm Buchanan: It was a public school. I couldn't get into a Catholic school. I'd need a pastoral reference. I'm not a Catholic.

Ms. Teresa J. Armstrong: No, I just wondered—okay. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much for your deposition.

ONTARIO RIVERS ALLIANCE

The Chair (Mr. Bob Delaney): I'm advised that our next two presentations haven't yet shown up. However,

the Ontario Rivers Alliance is here. So if you would kindly come forward, Linda Heron, and take a seat, make yourself comfortable. You'll have 10 minutes to present to us, followed by up to five minutes of questioning. This round, the rotation will be from the government. State your name for Hansard and then continue.

Ms. Linda Heron: Thank you, Mr. Chair. My name is Linda Heron, and I'm here today to represent the Ontario Rivers Alliance, a registered, not-for-profit, grassroots coalition with a focus on healthy river ecosystems all across Ontario. ORA members represent numerous organizations, such as the French River Delta Association, Vermilion River Stewardship, CPAWS—Ottawa Valley, Council of Canadians, Friends of Temagami, Paddle Canada, Whitewater Ontario and Mississippi Mills Riverkeepers, along with many other stewardships, associations and private and First Nation citizens who have come together to support healthy river ecosystems in Ontario and to ensure that watershed development is environmentally, ecologically and socially sustainable.

I speak to you also on a personal level as a mother and a grandmother, as I'm sure most of you here today can relate in your roles as parents, grandparents and caring and responsible citizens.

ORA wishes to express its concerns with the amendments to 69 acts in budget Bill 55, 11 of which are administered under our Environmental Bill of Rights. This is an erosion of our democratic rights and the Environmental Bill of Rights. As Gord Miller recently reported, "This budget bill is effectively the mother-of-all pieces of omnibus legislation." Since a budget bill is exempt from public input and comment, this move conveniently circumvents the normal scrutiny of a public consultation process. This is an obvious attempt to exempt public participation in amendments to legislation administered under our Environmental Bill of Rights.

ORA is deeply concerned that this government is not respecting its citizens' rights, which are to be guaranteed under the EBR, and it is especially troubling when some of these proposed amendments have the potential to cause significant environmental impacts. This is in clear violation of our democratic rights and of the Environmental Bill of Rights.

The delegation of powers by the minister is another concern. ORA has studied Bill 55, and a recurring statement throughout many of these amendments is, "The minister is permitted to delegate any or all of his or her duties and powers under this act to any other person."

These same amendments also stipulate:

"The minister may impose any conditions that the minister deems appropriate on the exercise of the powers by the delegate.

"Crown not liable for delegate's acts."

So, then, who will be liable and responsible to the Ontario taxpayers?

Under schedule 34, Lakes and Rivers Improvement Act, "The minister can delegate the authority to approve the construction, repair and use of dams." Of all the amendments, this one is of the greatest concern. This authority must not be left to an unelected official.

Downloading this authority would be a grievous error, as the types of dams encouraged by the FIT program have numerous negative impacts associated with them, including public health and safety issues, and could have serious repercussions.

In making these provisions, it appears the government is planning massive changes to MOE and MNR staff and roles, perhaps positioning these ministries for privatization of responsibilities and likely even intending to give developers the power of self-regulation. If this is true, it will undoubtedly be to the detriment and expense of our natural environment, endangered species and the citizens of Ontario. And again, Ontarians would be deprived of the opportunity to be consulted and to provide valuable input to such a major and important move. These ill-thought measures will only encourage more substandard business and environmental plans by developers and perhaps create a few short-lived jobs on the backs of our future generations.

Downloading of environmental and fisheries responsibilities: The federal government, with Bill C-38, intends to download its environmental and fisheries responsibilities to the provincial government, while the provincial government now appears ready to download its responsibilities to private corporations and developers, and this is an area of grave concern.

The proponent-led process: As a stakeholder, and in my role as chair of an organization addressing numerous hydroelectric proposals throughout the province, it has been my experience that the proponent-led process currently in place is clearly not working to protect the environment from the well-known and widely documented highly cumulative negative impacts of hydroelectric dams. Our riverine ecosystems and citizens of Ontario will have to live with these dam effects for many decades.

We have had first-hand evidence of this in the first three environmental reports issued under the new streamlined approvals process, where a developer was recently sent back to do more studies on one ER and has since voluntarily withdrawn the other two. In dealing with these proposals, ORA has experienced a lack of transparency, openness and accountability, and public and First Nation consultation has been sadly lacking. This has undermined stakeholder confidence in the entire process.

There have already been enough challenges with the current proponent-led process without indulging for-profit corporations in an even more streamlined, user-friendly, checkbox style, self-regulating system where there are few to no barriers to getting these proposals up and running quickly. Streamlining the process even further will only serve to undermine our already compromised environmental protection and lead to an unbalanced and unequal application of the law.

One of ORA's main requests of our ministers is to remove the proponent-led process and fully place MNR and MOE back into the business of ensuring the safety and protection of our environment, aquatic life and natural resources. This current EA and approvals process

has placed the fox in charge of the chicken coop already, and it appears likely to go to the next level if these amendments are allowed.

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In conclusion, it should be noted that the FIT program and Green Energy plan march forward unscathed, and yet the agencies responsible for overseeing and regulating our applications and approvals process and which are best suited for safeguarding our endangered species, environment and natural resources are due to be relegated to "more regional concerns."

It is very difficult to decipher or predict the full intent and ramifications of the 69 acts being amended under this budget bill; however, it is clear that these changes are moving toward a self-regulating system and would enable a more streamlined and user-friendly approvals and development process. These changes will be to the detriment and expense of our natural environment, endangered species and the health and safety of the citizens of Ontario.

ORA recommends the following amendments to budget Bill 55:

—all references to amendments to acts that do not directly pertain to the budget are removed; or

—all amendments to acts administered under the EBR, schedules 15, 19, 23, 34, 58 and 59, are removed.

Any plans to move further into a self-regulating, proponent-led process must be posted on the Environmental Registry for public consultation and input. ORA also fully supports the submission by Ecojustice and the Canadian Environmental Law Association. If a budget bill is called a budget bill, it should only be about the budget.

ORA is asking our elected representatives to fulfill their responsibility to uphold and protect our environmental and democratic rights and to ensure the government's first priority is to "the betterment of the people of the whole or any part of Ontario by providing for the protection, conservation and wise management in Ontario of the environment."

Thank you very much for this opportunity.

The Chair (Mr. Bob Delaney): And thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Thank you very much for your submission. I really appreciate you coming down here today to Queen's Park.

I've got a couple of questions in regard to some other initiatives, as it relates to the environment in the budget as well, and your views on them.

One of the items that the government has proposed in the budget is increasing water-taking charges for commercial and industrial water users, which incents businesses to better conserve water and ensure more efficient and sustainable processes. Is that something your organization supports?

Ms. Linda Heron: We haven't had to deal too much with water taking at this point, but, you know, I think any water that is taken from our aquifers or lakes and rivers, really, we have to think very seriously about it.

These hydroelectric dams are one area that will really reduce the amount of water available to the public for their own personal needs. We have many people on these river systems who are dependent on water quality and water quantity. A lot of municipalities and cities are dependent on the river water and the lake water for their public drinking water. We would have to look very seriously at any additional water taking, and that's one of the things that these hydroelectric dams do, is they really take out of our systems.

Mr. Yasir Naqvi: So I would think that the Ontario Rivers Alliance will support any measures that will incent commercial-industrial users to conserve the use of water.

Ms. Linda Heron: Yes. Yes, definitely.

Mr. Yasir Naqvi: Thank you. My other question was around another proposal in the budget that deals with increasing fees for hazardous waste. Previously—they have not been updated since 2002, which has been some time. The government has felt that increasing the fee would provide greater incentives to reduce and recycle waste. Is that something the Ontario Rivers Alliance will support as well?

Ms. Linda Heron: Definitely. If increased fees will also carry with them tighter, more restrictive rules and regulations for transporting, yes.

Mr. Yasir Naqvi: Great. Thank you very much for your time. I really appreciate it.

Ms. Linda Heron: Okay. Thank you.

The Chair (Mr. Bob Delaney): Thank you for your deputation.

ONTARIO MUNICIPAL SOCIAL SERVICES ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Municipal Social Services Association—Kira Heineck.

Ms. Kira Heineck: Hello.

The Chair (Mr. Bob Delaney): Good afternoon. Have a seat, make yourself comfortable.

Ms. Kira Heineck: Thank you. Good afternoon.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. In this rotation, your questions will come from the PC Party. Please state your name for Hansard and begin.

Ms. Kira Heineck: Thank you. My name is Kira Heineck. I'm the executive director at the Ontario Municipal Social Services Association, and thank you to all the committee, to Mr. Chair, Madam Vice-Chair, for the opportunity to speak to you this afternoon.

OMSSA recognizes the difficult task that the government of Ontario has faced. Ontarians rely on the government to draw a fiscal blueprint that will steer the province toward sound economic times. At the same time, Ontarians also rely on the government to provide a safety net and strong public services, even through times of economic challenge. In fact, it is at times of greatest

economic challenge that the most vulnerable in Ontario need strong human and social services.

OMSSA represents the municipal staff across Ontario that plan, manage and deliver the basket of human services, including child care, housing and homelessness, employment, training and social assistance services. We are the CMSMs and DSSABs—consolidated municipal service managers and district social services administration boards. Our members believe that a fully integrated approach to human services will result in both more focused, holistic services for those who need them and in efficiencies in planning and delivery from streamlining those services.

Taking the person or family's point of view on how to best plan and deliver social services to support them allows us to quickly move to a systems perspective. People do not exist in silos: They often don't need just one thing. Nor do they accept that it is okay that actions in one government service area contradict or make impossible their access to services and supports in a different area. People and the communities they live in need an integrated system of supports and services that all work together as one. It is with this perspective in mind that OMSSA offers the following comments on the current budget.

The addition of a three-year envelope of new funding for child care is exactly the type of systems-level support Ontario needs. This funding will help our members and others in the broader child care community continue to modernize the system of early learning and child care services to make sure that children have the best access to early childhood development environments and that parents get and keep good jobs. OMSSA applauds the government for working across party lines to recognize the importance of additional funding for child care.

These new dollars will help to mitigate some of the consequences of the implementation of full-day kindergarten. Of course, as we've stated in many other places, we're in full support of full-day kindergarten as well. Since the rollout of full-day kindergarten began, we have been working with the Minister of Education to help keep the impact on child care top of mind. An injection of funding to help offset the costs of the transition for child care is one component of a comprehensive, systematic plan that OMSSA has been encouraging, and we appreciate the government's action. That this action was taken even in the wake of a very high-profile recommendation in the Drummond report to cancel full-day kindergarten demonstrates even more clearly the government's commitment.

The 1% increase to benefit rates for Ontario Works and Ontario Disability Support Program recipients will provide some additional assistance to folks in the coming year, but we all know that the amount per month amounts to little more than two transit tickets.

OMSSA, as I am sure all of you are, is looking forward to the report that will soon be tabled by the Commission for the Review of Social Assistance in Ontario. We anticipate that the report will outline real change and

encourage all parties in Ontario to work together to use this opportunity to transform our social assistance programs into an integrated employment and income support system that can become a new standard in Canada.

There are other changes, however, in this year's budget that not only do not support a systems approach, but actively work against it. This is where seemingly one-off changes such as eliminating the community start-up and maintenance benefit—CSUMB—the new cap on non-health and health-related discretionary benefits and cancelling the home repairs program for people in receipt of social assistance have a ricocheting domino effect through other parts of the housing and social services system with devastating impact.

Our members use these benefits with hundreds of families across the province every year to do things like:

- help a person leaving homelessness into housing with first and last months' rent;
- support the transportation costs for recipients of social assistance so they can access and participate in training and educational programs;
- assist with utility and energy costs so the fridge, the heat and the lights can stay on;
- replace broken hearing aids;
- provide emergency food to families;
- repair homes so that people can stay housed;
- buy cribs, beds, desks and chairs for a family leaving a shelter and moving into their new home.

Time today does not allow me to go into much or greater detail, but OMSSA is preparing a deeper analysis and summary and will be sharing it with provincial decision-makers over the summer.

Keeping our systems approach in mind, one key point that is important to spend some time on today is that the loss of each of these programs will result in less supports for individuals and families in other parts of the broader system: less for those trying to move from homelessness to housing, less for those needing access to training and less opportunity for people to move away from dependence on the system to self-sufficiency and the ability to contribute to the tax base.

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These outcomes run contrary to the province's own stated goals in other areas, including the long-term affordable housing strategy, which very laudably takes a housing-first approach. In other words, one hand has taken away some of the tools that allow the other hand of the same body to achieve the same goals. The continuum of supports and services to meet the range of human needs can be understood as one organism and as one system, and you can't make a change in one part without it having an effect elsewhere. Therefore, even the success of the LTAHS and all the important work that has gone into its development are in jeopardy by the decisions mentioned above.

In addition, these changes work against the goals of the province's poverty reduction agenda that have been a focus for almost half a decade.

It is true that half the amount of funding for the CSUMB after it will end will be directed to the new con-

solidated housing and homelessness program. We await the details of this program in the summer. But no math, no matter how creative, will allow our members to meet the needs that are out there—that have not also conveniently halved, of course, but are actually growing—through the new program. Our members face the same expectation from their communities for service as they did before the budget.

It is important to remember, at this point, that the eligibility requirements of what was originally the CSUB, the community start-up benefit, were expanded in light of the recommendations in 2004 from the Walking on Eggshells report and with a corresponding spike at the same time in energy costs. That turned the CSUB into the CSUMB. Those situations haven't changed—incidence of domestic violence, lack of supports for women and families and high energy costs remain.

What this tells us is that the pressure on CSUMB is a result of dealing with people in recognized crisis. It has grown over the years because the crises have grown. No amount of flexibility in using fewer dollars will allow DSSABs and CMSMs to more effectively help solve these issues or provide supports to women in crisis.

While it's technically true that municipalities can make different decisions on their service levels through these types of programs, and/or to fill the new gap in provincial funding with their own 100% dollars, it is imperative that committee members understand that there is a limit on how much CMSMs and DSSABs can fill the gaps resulting from changes such as the ones I've touched on—changes that create increasing pressure on municipal budgets to meet the same or higher public expectations for service.

In moving forward, there is a role for everyone. We can maximize the opportunities presented by the good things in this budget, such as the new child care funding, and work together to mitigate the impact as best we can stemming from the cancellation of things like CSUMB.

The Chair (Mr. Bob Delaney): And just to remind you, you've got a little more than a minute to go.

Ms. Kira Heineck: Thank you.

We can work together in learning from the consequences of seemingly isolated changes on the broader system to make sure future changes support systems improvements that better support positive outcomes for every person.

It is time—and another critical point made by this budget—to continue to develop the provincial and municipal partnership on what is needed by both partners to develop and support a vigorous housing and social services system, even in challenging economic times.

Only through ongoing and iterative collaboration on all stages of design can we identify and create the best framework for a more integrated and streamlined system of services. And only through long-term, collective planning can we move today toward a thriving system that responds to the calls of the Drummond report, as well as the language in this very budget, for a people-centred, integrated system that is aligned across sectors, and

works toward the outcomes that enable resiliency in the people and communities across Ontario.

We look forward to doing our part and to continuing to work with you. Thank you.

The Chair (Mr. Bob Delaney): Good timing. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Chair, and thank you very much, Ms. Heineck, for a good presentation.

I think I don't have to give you a lecture on how budgets work. It doesn't matter whether they're in power or we're in power or this party's in power, we all have been and, arguably, at some point, we all will be—but we all have the same problem, and that is, it's a bit like a shell game. We move it around, but there's only one pea under one of the shells and it's going to be somewhere. That pea is the money. Parties, I suppose, because of their different partisanships, have different priorities, but our priorities always have to reflect what the public needs.

What you've said, when you started, is that given the fact that money is scarce these days, and not likely to become more plentiful any time soon, we've got some things we have to do.

You talked about grouping services for more efficiency, but you didn't give much in the way of example, and I'd be interested to hear how you would do that in a particular—let's call it—geographic sector.

Ms. Kira Heineck: I have with me some examples of local service system management that have worked in a more integrated way that start to show us some of the outcomes. A particular high-profile example recently is something called Employment Halton, which takes funding and program elements from across a number of sectors and programs and delivers a client-focused employment and training program. They've exceeded their targets for placing people in good jobs by something like over 100% in some areas.

I have with me one copy of each of those, but we are planning on preparing a written submission and sending it to all of you on Tuesday that will include more of that.

Another example would very much be what's developing in two other exciting areas in the province right now, one being early learning and child care where having child care come into the Ministry of Education is a very important first step in seeing that as a holistic service and starting to develop a program and funding environment that is more integrated.

Another example is the long-term affordable housing strategy that I referenced—

Mr. Peter Shurman: If I can interrupt you—and I'm only doing that because we've got a very limited amount of time, with five minutes. If you take a look at some of the things that you've mentioned and so many more that you haven't mentioned, the allusion or even the statement that you made in your original few minutes was to the effect that oftentimes people are in need of multiple services in these spheres that you're talking about, and that if you group them, you can deal with a client-centric

situation as opposed to making them go here and there and somewhere else and fill out a form for each one or whatever it happens to be—interview somebody; be interviewed by somebody different. You're talking about improving efficiency by bringing that down to a focal point. Is that—

Ms. Kira Heineck: Yes, absolutely, and I'm glad to hear that—do you use that language? Two main points: One is that if we're going to do that effectively and truly find the efficiencies—and I want to reserve a moment through a point on that as well—we need to work together, and that's another key part of my presentation: that the province and the municipalities and our members, who are the staff of municipal governments in these areas, come together to work out those details because of the unintended consequences often when actions are taken in an isolated way.

The second point about efficiencies I think is important. We are seeing that, through streamlining from a person-centred point of view, we can do things more efficiently. In the long run we can expect savings, but in the short term, especially when change is happening in so many sectors at the same time, I think we have to be honest about short-term supports that are required to get us from A to B. In a situation like losing CSUMB, even while we're trying to develop a more housing-centric approach with local autonomy and flexibility in the kind of tools we've asked for, in the transition it makes things much more difficult, and in that transition period you may lose your opportunity for efficiencies.

Mr. Peter Shurman: We've got one minute left. I'm going to ask you a question that requires an answer you could give me in half an hour; try to do it in 45 seconds.

Ms. Kira Heineck: Sure, I will try.

Mr. Peter Shurman: We have a \$15-billion deficit in the budget we're considering now, and inside that budget we have an interest cost of almost \$11 billion a year. Lots of services there that you could provide. But that government is trying to bring things down, from a deficit perspective; certainly we would, if we were in power. How do you recommend we do that and supply all these services?

Ms. Kira Heineck: I think that one of the questions we'd have to ask is on the revenue side. OMSSA, in particular, is interested in social policy and programs. I'm answering that question a bit more as Kira Heineck, ED, and I need to be clear about that. OMSSA does not have an official position yet. We're working on one in the summer, as I said, and we'll bring it forward.

But I think looking at the revenue side is important. I also think that the main point of making sure that changes you make while facing a tough economic climate—and we do support the need for those changes so that in the long term we're all better off, but how you do those changes needs to be from a systems perspective, so that we don't have the unintended consequences like CSUMB, which is really the single most dramatic change in this budget that we'll be dealing with in the next few years.

Mr. Peter Shurman: Thank you so much.

The Chair (Mr. Bob Delaney): On that thought, I'm going to have to pull the plug.

Ms. Kira Heineck: All right. Thank you for your questions, sir.

The Chair (Mr. Bob Delaney): Thank you very much.

ONTARIO COLLEGE OF ADMINISTRATIVE STAFF ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation comes from the Ontario College of Administrative Staff Association: Diane Posterski. Good afternoon. You'll have 10 minutes to make your presentation to the committee this afternoon, followed by up to five minutes of questioning. In this rotation, your questions will come from the NDP. Please state your name for Hansard and begin.

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Ms. Diane Posterski: Thank you. My name is Diane Posterski, and I thank you for the opportunity to present to you today. I am the executive director of OCASA, the Ontario College Administrative Staff Association. We represent the interests of managers and leaders in Ontario's colleges of applied arts and technology and institutes of technology and advanced learning. We are those who are responsible for providing leadership in strategic and business planning to support the delivery of effective programming, which in turn is creating the skilled workforce Ontario needs for its economic success. Our members include vice-presidents, directors, deans, managers, executive assistants and supervisors.

I would like to speak to you today about the recent legislation, schedule 5, Broader Public Sector Accountability Act, 2012, and in particular the language in section 7.3(1) of the act, where deans in colleges are included in the definition of executives for purposes of wage restraint. We are clear in our assertion that this inclusion is not consistent with college structures and inappropriately identifies a management group and creates unnecessary inequities within college administration.

Furthermore, though this is a fairly particular issue we're raising, it has a far-reaching impact on the ability of Ontario colleges to recruit and retain talent into academic leadership, particularly from faculty, while ensuring programming meets the needs of today's industry and the future economy.

Available for your interest also is one background document, including our pre-budget submission to the Minister of Finance.

First, let me say a few words about deans and their roles in colleges. The term "dean" often conjures up pictures of a prestigious position in an academic institution.

There is no doubt that deans are absolutely critical to the success of colleges; they work with industry, community and faculty to bring relevant, forward-looking

programs that address the needs of a skilled workforce and a strong economy. Administratively, they tend to the needs of students—often those with challenges—faculty supervision and scheduling, materials and ever-changing technology, budgets and administration, business plans, reports, hiring, performance management, legislative compliance and so on. And they're charged with finding funding partners in industry to support their schools.

They work extremely long days and weeks and months. And in lean times, their titles are often too long for a mailing label, as more schools are put under the leadership of one dean.

Yet in colleges, deans are the third tier down, reporting to the vice-president academic. They're not included in the executive meetings. Although deans are often recruited from faculty, with a firm knowledge of the college structure, the position is that of a full-time manager. Deans are not faculty members who rotate into the dean's role and back into faculty, as happens in some universities. They are administrators, managers, part of a larger leadership team within the college structure. And don't be mistaken; they are a passionate, highly educated group of college leaders, dedicated to their jobs, but still more at the operational level.

Here's a particular challenge in colleges right now that heightens the importance of this issue: If the role of college dean was once desirable, it is less so now. Working conditions are becoming less attractive. With the past two years of wage restraint and longer hours than ever, faculty just aren't interested in the job. As one human resources director recently noted, some faculty are currently earning more than their supervisors, those being deans.

All of our deans are external hires. Academic staff members rarely apply and certainly do not apply to become chairs, which gives them some management experience before jumping into a dean's role.

This might not be the experience everywhere, but it is a trend, and we at OCASA hear about it often. We also hear about succession planning or, rather, the challenges of it, particularly with looming retirements on the horizon. Institutional knowledge is leaving the colleges at alarming rates, and yet new hires into academic leadership are increasingly from the outside, simply because faculty see no benefit in making the move into academic leadership. The expertise of academic programming and an understanding of the learning environment for deans is becoming threatened.

Wage restraint for deans will only exacerbate this situation. We know that 35% of administrators are eligible for some form of retirement right now, while 11% are eligible for unreduced retirement. Many will be thinking about accelerating their exit date, adding even more stress to the academic leadership capacity.

Hinted at in the quotation above by the HR director is that salary compression is only intensifying after the past two years of wage restraint. Entry-level deans sometimes earn less than those they supervise. Deans' salaries represent a very small percentage of budgets. Administrative

salaries in total, including presidents, vice-presidents, deans, chairs, administrative assistants and others—and we're talking the operational side of colleges. All of those facets, as well as the academic side, account for only 14% of all college expenditures. The portion of that for deans is minuscule.

The inclusion of deans specifically in wage restraint is a malleable target accomplishing little on the budgets, yet risking greater erosion of much-needed leadership and creating unnecessary inequities within the college management structure.

In conclusion, OCASA and its members understand the economic and political landscape. Wage restraint at the executive level for the public sector is understandable. But choosing one title—that being dean—beyond that clearly definable executive group simply makes no sense in the college context, and it creates inequities at the operational level, which is counterproductive.

The Drummond report noted that wage restraint for administrators delivers little savings and great risk. This is no more evident in colleges right now than with deans as academic managers. Targeting this group is short-sighted and will have long-lasting effects on a system that has been so successful in supporting Ontario's economic agenda for the future economic prosperity and growth of Ontario.

OCASA recommends the following:

—that subsection 7.3(1) of schedule 5 be amended by removing the title of “deans” at the colleges from the legislation;

—alternatively, a fixed dollar amount be used to determine which employees are included in the wage restraint to find some equitable application of this legislation. We recommend \$150,000 being used as the benchmark. This would eliminate inequities within the college structure as wage restraint is extended for two more years.

I thank you for the opportunity to comment on this legislation. We urge you to consider the far-reaching negative effects of including deans and other titles outside of true executive positions. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Ms. Armstrong?

Ms. Teresa J. Armstrong: I think it's Mr. Prue next.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: All right, thank you.

Ms. Teresa J. Armstrong: We're sharing.

Mr. Michael Prue: We're sharing. All right.

We had a similar deputation from another group earlier in the process. The problem comes right down to the simple definition. As I see it, you have a dean in a university who is a person of considerably—probably—more stature, prominence and wage scale than a dean in a community college. What you simply want is to have this removed. Could you give the dean another name in a community college and resolve the whole issue? Because that's really what it's coming down to.

Ms. Diane Posterski: That is simply it. The definitions in that section higher above that talk about executive positions—it's very clear what the intent is, but the

inclusion of deans in the same sentence as universities and colleges actually creates a little bit of chaos at the college level, and it would be very difficult to operationalize.

Mr. Michael Prue: So there would be two ways to remedy this. One, the college could change the name of dean to something else—

Ms. Diane Posterski: Well, there are 24 colleges.

Mr. Michael Prue: Okay. Or the government could change the legislation to exclude college deans and only include university deans.

Ms. Diane Posterski: I would be very satisfied with that.

Mr. Michael Prue: You would think the second one was—that's where I'm coming to: Which one is the better option? The second one?

Ms. Diane Posterski: Colleges are not going to change the titles, not in one fell swoop.

But quite simply, when we first read it we thought, "Surely, someone who wrote this just didn't understand the difference in the two systems."

Mr. Michael Prue: I am all but guaranteed that's the case.

Ms. Diane Posterski: Right. It would only make sense to change that language enough so that this can be operationalized at the college level. We understand the intent.

Mr. Michael Prue: Okay, thank you. Those would be my questions.

The Chair (Mr. Bob Delaney): And thank you very much for your presentation here today.

Ms. Diane Posterski: Thank you. I appreciate it. Thank you.

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DOCTORS FOR FAIR TAXATION

The Chair (Mr. Bob Delaney): Our next presentation is Doctors for Fair Taxation, Michael Rachlis and Tanya Zakrisson. Good afternoon, and welcome.

Dr. Tanya Zakrisson: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to the committee, after which there will be up to five minutes for questions. Please begin by stating your names for Hansard and then carry on.

Dr. Michael Rachlis: My name is Dr. Michael Rachlis, and I'm joined by Dr. Tanya Zakrisson. I am a public health physician. I work as a consultant in policy analysis, and I'm an associate professor, part-time, at the University of Toronto. Dr. Zakrisson is a trauma surgeon at a downtown Toronto hospital.

I'm going to start off our presentation, and we're going to share this a little bit.

Doctors for Fair Taxation is pleased that the New Democratic Party and the Liberal Party have agreed to levy a surtax on income above \$500,000 as part of the 2012 budget. As you may be aware, we're not the only ones. Lawyers for Fair Taxation also supported this

measure, as did 78% of Ontarians, according to a recent Forum Research poll. However, we recommend that the parties in the Legislature go further to ensure tax fairness in this province.

Almost all the economic gains of the past decade have gone to Canada's top 10%, but our taxes have not gone up accordingly. And now that governments are dealing with deficits, the main ideas on the table are to cut programs that we all rely on. Instead of cutting public services—we say to the Ontario government, that's not healthy. We know governments need to be prudent, but there's another component to debt reduction, and that is to raise revenue through fair taxation.

Dr. Tanya Zakrisson: We know there's a large body of scientific evidence that clearly demonstrates that health outcomes are worse in less equal societies. In particular, inequality leads to increased violence and homicides. As a trauma surgeon, I witness this every day in the emergency department, when young people present with severe and often life-threatening injuries after violent altercations.

My patients feel alienated from mainstream opportunities. They see their families getting poorer over time, and they turn to unorthodox income generation and engage in escalating and often violent tactics of social competition.

And it's not just the poor who suffer in unequal societies. We can all think to the events at the Eaton Centre last Saturday, and that demonstrates that all Canadians suffer when there is increased economic inequality.

Why are we talking about cutting back programs and services that give young people options other than gangs and drugs? You've been very busy in this room today, and I don't know if you've had the chance to read today's Star. Royson James has a column that it's insane to fire youth workers, and I would agree with that. It's concerning, because if Toronto city council doesn't actually find the funding, the city will shortly lay off 17 of 29 youth workers, 17 out of 29 who are helping kids in our priority neighbourhoods.

Our question to you today is: Why aren't we talking about those of us with higher incomes paying our fair share of tax?

Dr. Michael Rachlis: And it's not just violence. Low-income Ontarians are two to four times more likely to develop diabetes, but they can't afford to control their disease. The research from Toronto shows that Ontarians with diabetes know what they're supposed to do, but they simply cannot afford to eat a healthy diet. This is just another example of how economic inequalities lead to health problems that raise the cost of our health care and our social services system. It would be more efficient to ensure recreation and education programs for kids and healthy food for diabetics than to pay for trauma surgery and dialysis. We would all be healthier and safer as a result.

Canadian governments have slashed taxes in the past 10 years by the equivalent of \$100 billion of forgone

revenue every year. Our group, Doctors for Fair Taxation, is calling for four new Ontario income tax brackets at \$100,000, \$170,000, \$640,000 and \$1.85 million, which correspond to the top 10%, 1%, one tenth of 1% and one one-hundredth of 1% of people with taxable incomes. I rush to add, these are taxable incomes. For a physician, a taxable income of \$170,000 would certainly be a gross income of well over \$250,000 for most.

We estimate that our proposal would raise \$1.7 billion in new revenue for the Ontario government. There is massive popular support for more progressive taxation. In fact, across the political spectrum, the Forum institute found very strong support for this small surtax on income above \$500,000. But this is an exceptionally modest proposal.

Currently, the highest marginal tax bracket is 46% on income above \$132,000, but this is a flat tax on Ontario's well-to-do. Doctors pay the same rate as billionaires. In fact—and this may be of particular interest to you folks in this room—most MPPs now pay the same highest marginal tax rate as the worst player on the Toronto Maple Leafs, and I honestly believe that all of you are providing much better value for money.

Consider that during Ontario's greatest years of economic growth in the 1950s and 1960s, the highest marginal tax rates were nearly 80%. The tax system is more in fairness than historically low marginal income tax rates. For example, many Ontario doctors are incorporated, and their highest marginal tax rate can be much lower than 46%. Canada's corporate tax rates are the lowest of the G7 countries, and Canada is the only country without some sort of estate tax.

We need a broader conversation on taxes in this province and in this country, so we applaud the Legislature for opening up this conversation this year, but we feel this is just a beginning. We would like you folks to urge that the Ontario Standing Committee on Finance and Economic Affairs investigate other options for fair revenue generation, including increasing corporate tax rates, and bring forth proposals in time for the 2013 Ontario budget. It is time for a rational conversation on taxes, and it seems entirely appropriate for the conversation to start with this committee. As best we are able to, our group would be pleased to serve as a resource to you as part of this conversation.

Dr. Tanya Zakrisson: At the base, our argument is a moral one. How can we ask low-income Ontarians to receive less without asking high-income earners to pay more? We can afford to pay higher taxes to support a healthier Ontario. We can't afford more inequality. Our message to all provincial parties is clear: Tax us, Ontario is worth it. We look forward to any questions you may have for us. Thank you very much for your attention.

The Chair (Mr. Bob Delaney): Well, thank you. I'm sure you've not seen your committee Chair play goal lately, then. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Thank you to both the doctors for being here today. As I hear you, you support the budget measure around putting

a 2% extra tax on those Ontarians who make \$500,000 and more?

Dr. Tanya Zakrisson: Correct.

Mr. Yasir Naqvi: Do you support the budget measure around freezing any decrease in the corporate tax rate and the business education tax rate?

Dr. Michael Rachlis: Our specific recommendations are around income tax, and we do support the agreement that the two parties have come to on this. We're saying that's great. We're really pleased that you've done this. Now you can see that there's massive political support for this. We want you to be bolder and go further. In particular, let's have a longer conversation about more taxes than just personal income tax. We chose to focus on that strategically for communications purposes because it makes for an easier discussion, but we feel we have to open up the discussion on those other taxes.

Mr. Yasir Naqvi: I understand that and appreciate that, but you support freezing reductions in corporate taxes as well?

Dr. Tanya Zakrisson: Yes. Of course we do.

Mr. Yasir Naqvi: I'd like to get your views about the government's action plan on health care, where the focus is to invest more in community-based care to ensure that seniors and patients with chronic needs get care within the community—a community-centred, more patient-focused health care system. Is that a step you support in terms of health care delivery?

Dr. Tanya Zakrisson: Again, as a group, Doctors for Fair Taxation, we have no official stance on that. I can speak to you as an individual physician and a surgeon. It would depend on what the evidence is supporting that, but certainly care out in the communities may be beneficial. It may be detrimental. It would depend on if we're scaling back on the support that patients need. It depends on if we're looking more of a "preventive, upstream" model versus a "reactive, downstream and treating the diseases but out in the community" type of model. I'd need to be better informed in terms of: Has that worked elsewhere in the country? Has that worked in other countries? Have the outcomes been positive for patients? If there's solid evidence for that, then of course I would be supportive of that.

Dr. Michael Rachlis: But again, what we're really here to talk about today is to focus on how we can more effectively move care to the community if in fact people don't have a house to live in or if they don't have food that they can afford. Many of us are involved in health care system issues, and I'm certainly fully involved with that—

Mr. Yasir Naqvi: Thank you. I'm just mindful of the limited time, and I have a couple of more questions to ask. I totally agree with you around the social determinants of health.

Dr. Tanya Zakrisson: It's much more than medical care.

Mr. Yasir Naqvi: Yes, I know, and I totally agree with you. That's why I'm going to my next question, which is an important one. I think, when we talk about

community care, all those factors are very much part and parcel, to ensure that people get more than just health care.

My next question is around your point of view, and you are physicians, so I think you are in a position to give some views on this, on the changes that have been brought forward in terms of the OHIP fees, taking those monies and investing in the community and ensuring that we are putting more money towards better primary care, better preventive care. Would you support that type of measure? It really addresses inequity issues in our society as well, in terms of health care provision.

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Dr. Tanya Zakrison: It's a good question. We're not here, as you know, officially on behalf of the OMA, or we have no official stance on that. Our perspective mainly is that broadening the discussion on taxation of higher-income earners to address the issues in terms of social programs within society and how to support our vulnerable populations best is something that needs to continue, as the government has started to do.

Mr. Yasir Naqvi: But I'm just asking a simple question: Would you support having a real freeze for two years on doctors' salaries, which they receive through OHIP, so that we can use those monies for better care, in order to address the kind of inequities and chronic care situations that you were talking about in your submission?

Dr. Michael Rachlis: There's a lot to talk about in terms of health reform in the province. Again, we don't have policies on those positions. Our focus really—and we're hoping you have questions for us on this—is on the tax issue and the fact that we feel that, regardless of how much money doctors make or bank presidents make or MPPs make, if we are high-income earners, at a time when we're telling the poor and vulnerable in society that they can't have what they apparently need, there's a moral issue that all of us should be paying our fair share. We applaud you for what you've done so far, this small step in that direction. We think that that's a really good start. But we feel that we need to have a lot more conversation about economic inequality. Medicare is based on the notion that all Canadians deserve to have the same excellent health care no matter who they are, but we would like to see that principle extended to other needs that people have.

Mr. Yasir Naqvi: Thank you. I applaud your skating capabilities.

The Chair (Mr. Bob Delaney): On that note, I'd like to thank you as well for a very interesting deputation.

ONTARIO WATERPOWER ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Ontario Waterpower Association, Paul Norris. Good afternoon. If you've been here for a little while, you have kind of picked up the ground rules. You've got 10 minutes to make your remarks, followed by up to five minutes of questions; this rotation will

come from the opposition. Please state your name for Hansard and begin.

Mr. Paul Norris: Great. Thanks for the opportunity to provide input and advice. My name is Paul Norris. I am president of the Ontario Waterpower Association. Our organization represents the owners and operators of and service providers to the province's most affordable, reliable and durable source of electricity: water power.

I'd like to begin by providing you with an appreciation of our sector's contribution to the provincial economy. Our more than 200 existing facilities with an installed capacity of over 8,000 megawatts account on average for almost one quarter of our electricity supply. These assets have a replacement value of approximately \$40 billion. Because these assets and every new megawatt of water power that is constructed literally last forever, water power is critical to moderating electricity prices, particularly over the long term. In fact, a recent survey of Canadian jurisdictions demonstrated a remarkable correlation between the relative percentage of provincial supply that is water power and the residential price of electricity. In short, more water power equals lower prices.

In addition, the water power industry is, uniquely amongst energy sources, a significant contributor to broader provincial priorities through resource-based revenues. At present, more than \$150 million is contributed annually to the consolidated revenue fund from water power resource royalties. Beyond moderating electricity prices and maintaining grid reliability, the realization of Ontario's 3,000 to 5,000 megawatts of untapped practical potential would yield an additional \$60 million to \$90 million annually to the province. This level of stable, steady investment over the period targeted for the elimination of the deficit would also create 40,000 to 65,000 jobs.

This brings me to the elements of the bill before you of direct relevance to our sector. In order to have stable, steady investment, you need reasoned and rational regulation. In Ontario, it takes a minimum of five years to bring a new water power facility into operation and, in many cases, much longer, regardless of the project's size. In a typical development life cycle, more than half of that time and up to 15% or more of the development costs are spent on pre-construction assessments, permits and approvals. In addition, existing facilities have been made the subject of new legislative requirements, introduced long after they were constructed.

I want to make it clear that our sector and organization are strongly committed to advancing ecological sustainability and to continuing to earn and maintain our social licence. What concerns us is the unnecessary overlap and duplication of policy, processes and permitting requirements. From our perspective, this bill includes some significant improvements in this regard and, with one addition I will recommend, can reduce redundancy for the water power sector and encourage investment in existing and new facilities while maintaining environmental protection. Let me turn to the three pieces of legislation specific to our sector.

The first is schedule 19 of the Endangered Species Act. As an organization that provided input and advice to Bill 184 in the first instance, and as a member of the Species at Risk Program Advisory Committee, I have been actively involved in this legislation for some time. Since its passage, our organization has taken a leadership role in working with government to prepare a series of best management practices for a number of listed species. I've brought two examples of those with me here today: our best management practices on American eel and our best management practices on lake sturgeon that I'll leave with the clerk. For us, it's not a question of whether we direct efforts toward achieving the objectives of the endangered species legislation; rather, it's a question of how.

As a general observation, I believe that any new legislation should be subject to an adaptive management approach—that is, monitoring, evaluation, adjustment and improvement. No one should begin with the premise that any legislative framework is perfect from the outset. I am supportive, therefore, of the government's initiative to amend the legislation based on lessons learned through its practical application. As I see it, the proposed amendments, and particularly those in section 18, focus on the balance between prescription and flexibility, which was a core tenet of the public policy framework which guided the creation of this legislation at the outset.

For water power, there are very specific and unique regulatory provisions for existing facilities. Rather than overall benefit, regulation provides for an agreement which includes mitigation, monitoring and reporting requirements. In this case, I believe this is a reasonable standard if implemented properly. In our experience to date, however, the outcome of these agreements often mirrors the provisions of, or can be incorporated into, existing permits and approvals; yet an unintended consequence has been a process that can take more than a year and trigger an environmental assessment. Again, I want to emphasize that this is for existing facilities; this isn't new construction.

For the construction and subsequent operation of a new facility, there's a confusing combination of permits and agreements that is possible, with unknown requirements, notwithstanding the authority that the Ministry of Natural Resources already has pursuant to the Lakes and Rivers Improvement Act. They choose the location of the facility, the design of the facility and how the facility is operated. They have absolute authority with respect to new development of hydro. I expect other sectors with capital-intensive projects such as ours are facing the same challenges and uncertainty.

As proposed in the amendments, expanding the opportunity to recognize through regulation the provisions of other legislation is an important step forward in rationalizing the multiplicity of requirements to which our sector is subject. I remain confident that the regulatory framework which the amendment enables will respect and contribute to the achievement of the objectives of the legislation.

I would also like to express our support for the proposed amendments to the Lakes and Rivers Improvement Act. This proposal is a targeted administrative change that creates consistency with respect to the practical application and use of the term "plan" for new and existing facilities. The amendment builds on and helps implement the significant improvements made by the Ministry of Natural Resources in modernizing Ontario's standards and technical guidelines pursuant to the Lakes and Rivers Improvement Act, as introduced in August 2011. It also enables the establishment of a consistent compliance framework across dam owners.

The Chair (Mr. Bob Delaney): I have to remind you that you've got about a minute left.

Mr. Paul Norris: I'm good.

Finally, I want to get to the Ontario Water Resources Act—and I was here for some time, as you noted. I'd like to correct for the record that water park facilities do not take water. We store water, we pass water, we produce electricity. We're a non-consumptive use of the commodity, unlike bottled water, for example.

There is an opportunity to achieve efficiencies through the elimination of overlap in water legislation, regulation and policy. We for some time and on multiple occasions have recommended the removal of unnecessary duplication and burden for hydro facilities pursuant to the Lakes and Rivers Improvement Act, as administered by MNR, and the Ontario Water Resources Act, as administered by MOE.

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In our view, to rectify this overlap and duplication, an amendment to the Ontario Water Resources Act is required to include water power facilities within the existing list of water uses for which a permit to take water is not required. This saves time and effort—

The Chair (Mr. Bob Delaney): I have to stop you there and see whether or not there are any questions. Mr. Fedeli.

Mr. Victor Fedeli: There are questions, Chair, and I thank you very much.

Thank you very much, Mr. Norris, for your presentation. I'm very pleased that you corrected the record with respect to taking water. As you're aware, I have had the pleasure to tour the Lower Mattagami—and thanks for the 100 blackfly bites that I'm still scratching today—the Big Becky project at Niagara, the DeCew Falls 1, and many other water projects where water comes in one end and goes out the other, and it's no net loss of water. So I'm glad you took the time to discuss that.

Mr. Norris, could you talk for a moment about how the industry currently is regulated with respect to water resource management?

Mr. Paul Norris: Yes, absolutely. The primary source of legislation is administered by the Ministry of Natural Resources. It's referred to as the Lakes and Rivers Improvement Act. It's been in place since the early 1920s, subject to a series of amendments over time.

What has happened more recently, however, with the changes to the Ontario Water Resources Act that were

primarily directed at takings of water—ground water sources, for example—is that an unintended consequence is that we have now two pieces of legislation doing the exact same thing: duplication of permitting requirements, overlap of regulatory requirements and, quite frankly, a waste of taxpayers' dollars in terms of staff resources involved in our sector. That's only relatively recently that we've seen what I would call an unintended consequence of a very good public policy initiative focused on water.

A gentleman asked a question earlier about water pricing and raising fees on those. We pay \$150 million now for the "occupation" of the land for the use of the water. It's another example of a really good notion, but it ends up applying to our sector. That's why we strongly recommend an amendment to the Ontario Water Resources Act to include us—and wetland conservation, for example. We're not takers of water; we're very heavily regulated under the Lakes and Rivers Improvement Act already.

Mr. Victor Fedeli: We've heard the words—in fact, Messrs. McNaughton and Shurman were commenting to me earlier on the amount of time we've heard the words "unintended consequences" in this.

How much time do we have, Chair?

The Chair (Mr. Bob Delaney): You've got about two minutes.

Mr. Victor Fedeli: In the next two minutes, then: In the education that we have received from your sector, you have continued to talk about 2,200 potential sites.

Mr. Paul Norris: Yes.

Mr. Victor Fedeli: Given the fact that earlier in the presentation you spoke of 200 existing sites, that's an aggressive change. Would you comment on that at all? Some would say that the low-hanging fruit is gone, and I think perhaps you have a different version.

Mr. Paul Norris: Absolutely. I think what we have now is a generational gap between the time that we relied on hydroelectricity for all our sources, up until 1951, and where we're going now. We've kind of taken it for granted. We have 200 operating facilities right now. You might be surprised to know that in 1960, we had 500. We closed 300 small hydro facilities in southern Ontario because we chose large, centralized generation, like nuclear, like coal-fired generation. It's not right or wrong; it's just a choice we made. We're making different choices today.

I estimate that there are 3,000 to 5,000 megawatts of untapped potential. There's pumped storage. There are new development opportunities, particularly in northern Ontario, for First Nation communities who are diesel-dependent, opportunities associated with the Ring of Fire, and opportunities to redevelop existing infrastructure across southern Ontario. Maybe we're forgotten, but we're not gone.

Mr. Victor Fedeli: It would be more accurate to say that the low-hanging fruit is not gone; there are indeed 2,200 possible locations.

Mr. Paul Norris: There are definitely 3,000 to 5,000 megawatts. We're certainly not proposing that raw,

hydraulic potential across sites serve as the basis for new development, but we are confident that there is the ability to increase our generation by at least 50% across Ontario; absolutely.

Mr. Victor Fedeli: Including an important role in the Ring of Fire?

Mr. Paul Norris: Absolutely.

The Chair (Mr. Bob Delaney): On that note, thank you very much.

Mr. Paul Norris: Thank you.

NORTHERN HORSEMEN'S ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be M.J. Pappin-Lamoureux. Good afternoon, and welcome. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning; this round of questioning will come from the NDP. Please begin by stating your name for Hansard, and then continue.

Ms. M.J. Pappin-Lamoureux: Thank you. Good afternoon, ladies and gentlemen and committee members. My name is M.J. Pappin-Lamoureux. While my husband is a third-generation participant in the racehorse industry as a trainer, I am a racehorse owner. I am here to speak on behalf of the Northern Horsemen's Association, addressing Bill 55 and Ontario Lottery and Gaming's decision to terminate the slots-at-racetracks agreement. This proposed plan to "modernize" gaming will have a devastating economic and social impact on the entire racehorse industry and much of rural Ontario.

In light of the government's announcements today on the commitment to transitional funding to the horse racing industry and its selection of a review panel to determine the best course of this implementation, I will still speak on behalf of the thousands of hard-working Ontarians as to why this decision is just as poor and short-sighted as ending the slots-at-racetracks revenue-sharing—not subsidy—agreement. Real-time announcements by government, however short-sighted and ill-planned, affect real people, and real people deserve answers now, not in due course.

Sir Winston Churchill was quoted as saying, "The outside of a horse is good for the inside of a man." Those of us fortunate to be involved in the horse racing industry understand exactly the value of that statement. The abrupt and unilateral decision of the government to terminate the slots-at-racetracks agreement has sent those in the horse racing and breeding industry into a tailspin. Industry participants, particularly owners, breeders and trainers, have invested and re-invested into this business and now find themselves concerned whether these investments will have any value come March 31, 2013. We desperately seek answers as to the direction of our industry and can't help but wonder why a government decision that affects so many was made without consultation with the industry and why that decision was made, given the fact that our industry is responsible for the employment of 60,000 people, \$2 billion of economic activity, mostly

to rural Ontario, and contributes \$1.1 billion to government revenue yearly through the successful slots-at-racetracks program.

On behalf of the Northern Horsemen's Association and its approximately 125 members racing out of Sudbury Downs in the rural community of Chelmsford, along with track employees and service businesses, who make up another 350-plus in population, we ask that you reconsider your position, which impacts the very survival of the slots-at-racetracks revenue-sharing agreement, vital to the longevity and pulse of our industry.

Sudbury Downs is uniquely located and somewhat isolated in northern Ontario. The closest racetrack for competition is more than three hours away. Our current meet runs seven months, from the last week in April through the end of November, and consists of 62 race dates. For those of us that call Sudbury our home, racing in our northern community is vital. Unlike our fellow horsemen in southern Ontario, who have the option to travel shorter distances and race at neighbouring tracks, our geography makes it nearly impossible to race on any other circuit. Travel time, distance, expense and weather conditions in the winter months are considerations that do not make this option realistically viable. Because of this well-known fact, many of the horsemen and -women have established roots in our community, set up businesses, purchased homes, enrolled their children in local schools and community programs, invested in stabling infrastructure and committed jobs to employees year-round.

Racing in Sudbury has a direct impact on rural economics. Locally, this industry boasts 500 jobs, \$1.35 million goes to the local farmers and feed stores, another \$8.5 million is spent on direct and indirect goods and services related to the racehorse industry, and \$2 million goes to the city of greater Sudbury as part of its revenue share in the slots-at-racetracks agreement. That signifies over \$10 million of economic flow into this community just because we choose to race horses here. The group of horsemen and -women who call Sudbury their home have invested in this industry as a direct result of the slots-at-racetracks agreement. This successful program influenced people's decisions to uproot and move across the country for the opportunity in the horse racing industry within Ontario. Because of this program, Ontario can boast they have the best product in North America, perhaps the world. Other countries have modelled this business agreement, which sees the success of breeding and racing programs flourish and as a result provides tens of thousands of jobs and sustainability to rural areas.

Sudbury Downs opened its doors in 1974 for live racing. For the past 38 years, trainer-driver Mike Noble has raced here, raised his family and run his business. He has witnessed first-hand the ups and downs of the racing business. Back then, horse racing was virtually the only form of legalized gambling. Now, with technologies and gaming competition, the betting dollar is diversified in the marketplace. When the slots-at-racetracks agreement was implemented in 1998, this mutually beneficial agree-

ment between government, track owners and horsemen offered a renewed opportunity of investment in the horse racing industry, allowing for the growth and development in rural communities that you see today. This new partnership was a game-changer, and horsemen from all over the country were drawn to Ontario.

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The Robertson family left Saskatchewan because racing in Ontario provided opportunity for employment. Over the last seven years, they have invested \$1 million into their training centre, a state-of-the-art facility second to none in the north, where the majority of horse racing participants stable.

The government, without warning or consultation, has given a one-year notice to end this program. This decision has not only had an immediate and devastating effect on the breeders; it has impacted investment, present and future.

If there had been any warning beforehand, people would not have kept investing their hard-earned money into livestock or infrastructure when they had no chance of recuperating it. Just a few weeks ago, the Robertson family made the difficult decision to put their home and training centre up for sale because of the uncertainty our industry is currently facing.

Families like the MacLeans, the McNeils, the MacLennans, the Rhymers and the Dowlings migrated from the east coast because Ontario offered the best opportunity for horse racing, and they've decided to establish roots and now call Sudbury their home. These families felt secure in their industry and in the opportunity to race horses in Ontario. As a result, they've purchased homes for the first time, decided to start a family and have children—all because they felt secure in their ability to earn a living.

Families like the Belangers, Nowoselskys, Lamoureuxs, Soullieres and Rivests have continued the generational legacy of horsemanship and farming. What we have seen through the years of backstretch observations is the sense of community horse racing people have. Most have grown up in or around the business, fostering second and third generations. Some have forgone formal education because of the love of the sport, and the horses drew them in. This is a profession where experience is gained hands-on, not in the classroom. It is the only profession where you can work all week and there is no guarantee of a paycheck. You still have the same expenses for a horse that cost you \$50,000 or a horse that cost you \$5,000. They all need food, water, shelter, bedding, horseshoes, vet work, training time, rehab time—whatever it takes to get them to the winner's circle, because at the end of the day that is the goal.

The horse racing business is a 24-7 way of life. Most days typically start at sunrise and end hours after sunset, especially on race days. Typically, there are few days off.

With the termination of the slots-at-racetracks agreement, racing horses will no longer be a viable way of life. The cost to keep these equine athletes will exceed income, and thousands of horses will end up at slaughter.

People will look at out-migration if job opportunities fail to exist locally.

While horse racing is just the tip of the iceberg, it is the economic impact it has throughout rural Ontario that is vital to the local supply side of businesses. The proposed changes that the OLG and Liberal government want to implement will devastate families that have invested in these businesses, cripple rural agricultural sectors and dismantle the horse racing industry. Why jeopardize the jobs of so many hard-working Ontarians—especially jobs that are so hard to come by in the north—when it is doubtful that the government will financially benefit from this change? These are the jobs we need to protect and sustain. This is rural agricultural Ontario that is taking a hit for big business.

In northern Ontario, our crop season is relatively short. We often have one cut of hay, and most agricultural farms in the area can only grow hardy produce that endures a short season and varied climate. If horse racing populations decrease or terminate, these local farmers will endure great hardships. These local farmers count on the sale of their crops to local industry participants and do not necessarily have the luxury of diversifying their crops, given our geographical location and temperatures.

Every horse a horseman purchases, for himself or an owner, that races in Sudbury can cost anywhere between \$3,000 and \$50,000.

The Chair (Mr. Bob Delaney): You have about a minute and a half to go.

Ms. M.J. Pappin-Lamoureux: Okay. The monthly expense to care for that horse is at minimum \$1,500, and most stables carry, on average, 10 head. That horseman invests in trucks, trailers, gas, building structures; eats at local restaurants; shops at local stores and buys a home or rents an apartment. Their children attend local schools and join community programs and so on and so on.

Racing for a decent purse structure that is the result of the revenue-sharing agreement is part of the cog that keeps the economical wheel spinning in the rural sector. If the purses aren't worth racing for, owners will not be interested in investing in livestock, because they will not have the opportunity to recover their costs. While some participants are involved in the horse racing industry as a hobby, the majority are full-time, self-employed business people who employ both full-time and part-time staff.

If you come from a family that has roots in horse racing, like most of us do, then you must consider yourself one of the lucky ones. To wake up each day and be able to do what you love for a living is a privilege. To see the passion being handed down from generation to generation is beyond special. Horse racing has given our families roots and opportunity. I'd anticipate that if all goes well and our industry is able to survive these obstacles we are currently facing and allowed to thrive as our industry does, it will mean the world to families in Ontario who invest so much of who they are into what they do. Not only does our industry offer our local economy growth, stability and employment, we also contribute to government coffers which generate funds for both local and provincial programs—I'm almost done.

The Chair (Mr. Bob Delaney): Yes, you are done.

Ms. M.J. Pappin-Lamoureux: I am done?

Mr. Michael Prue: It's my question. I would cede one minute of my five minutes of questions to allow her to finish.

The Chair (Mr. Bob Delaney): Absolutely.

Ms. M.J. Pappin-Lamoureux: I'll need 30 seconds.

Mr. Michael Prue: Okay.

The Chair (Mr. Bob Delaney): There you go.

Ms. M.J. Pappin-Lamoureux: Thank you. I appreciate it.

Historically, horse racing has been a part of Ontario's culture for over a century in the way of tourism and entertainment. Rural Ontario represents the heart and soul of families who have value, a strong work ethic and appreciate every dollar they earn. Every dollar is re-invested into the businesses providing for their families and those in the rural community. This is why horse racing is important to Sudbury and to the province of Ontario.

The question remains, given this proven and highly successful partnership: Why aren't we collaborating on innovation of this partnership in ways that would increase revenue generation and strengthen the existing governance and representative structures working towards excellence in an already-established world-class industry by reputation and representation?

Thank you for your time in allowing me to present and express the concerns of so many. We truly hope this will bring the government some insight on what may have mistakenly been a short-sighted recommendation and hope that through this communication government members truly understand the negative impact this decision will have on so many hard-working Ontarians, our industry and rural Ontario. The slots-at-racetracks agreement is mutually beneficial for all parties and highly successful when you consider the economic impact to Ontario and value for its money. Thank you.

The Chair (Mr. Bob Delaney): Mr. Prue, you've got about three minutes to go.

Mr. Michael Prue: About three minutes, okay. I have to preface my question by saying, this whole thing around the horse racing industry is one of the dumbest things I've ever seen done in government.

Ms. M.J. Pappin-Lamoureux: I agree.

Mr. Michael Prue: Okay. Just so you know where I'm coming from.

I think the government agrees with this as well, because this morning I got a message across my computer saying that the government is setting up a special commission to look into what it's doing, how it's doing it and what process to follow. They've appointed three former cabinet ministers: one in a Liberal government, one in the Progressive Conservative government and one who was in the NDP government but who's now a good Liberal. That's what they've done. Has the horse racing industry been contacted about this? I just saw it this morning.

Ms. M.J. Pappin-Lamoureux: This announcement, when I got wind of it—which is why my presentation ran a little bit longer than the 10 minutes: I had to address the fact that this announcement came out this morning. I don't know. Right now the governing body for the horse racing industry is OHRIA, and that's speaking on behalf of all the parties involved in this umbrella of horse racing. I don't know if they've been contacted. The fact that they've done a selection of a review panel to take recommendations now, but made the decision in March, and now we have to wait for this review panel to sort through whatever documentation they receive and have time to review and evaluate that and how they determine how we proceed—they were quoted, I think it was saying towards the end of summer.

Between the summer and March of next year does not give these families and the people that have invested so much of their livelihood and savings into their businesses room to move come March 31 next year. There's still no direction as to what's going to happen at that point in time.

The government's position of privatizing OLG and going in a different direction with modernizing gaming and the talk of a waterfront casino creating 4,000 jobs and an economic benefit to the government of \$1.6 billion when right now it's getting \$1.2 billion or \$1.3 billion from our industry for 60,000 jobs doesn't make sense to me. I'm not quite sure how long this process will take and what the answers will be at the end of that review.

Mr. Michael Prue: It doesn't make a whole lot of sense to anyone. The figures yesterday or the day before yesterday, when OHRIA came here, showed us that the casinos in Ontario have been losing money since 2007, and the only things that make money are the horse racing industry and the lotto tickets. This is why I don't understand why the government's doing this.

Are you a member of OHRIA?

Ms. M.J. Pappin-Lamoureux: I believe, under NHA, we all are, yes.

Mr. Michael Prue: You all are. Do I have enough time to ask about—I mean, if the government's taking this process now of getting some former politicians to look at this, what kind of effect is that going to have if they don't report until the fall, especially in terms of the breeding season? I know that the horses only run for a couple of years. It's the three-year-olds in the Queen's Plate—four, five years old, then, usually they go out to stud, or mares, that's usually the end.

Ms. M.J. Pappin-Lamoureux: It's part of the short-sightedness of the decision that came about in the first place because a breeder's season is typically four years. If they had done any kind of impact studies or even referred to some of the government reports on the racing industry to see the impact, social and economic—they can't make that type of decision and say, "Well, you have one more year, have at it, and after that, we're not sure what's going to happen with your industry," when it affects the livelihoods and the ability for people to earn a living across Ontario.

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The biggest misnomer, which is insulting, is that this revenue-sharing agreement has been referred to as a subsidy. I can go into the history of how slots have been located at racetracks—

The Chair (Mr. Bob Delaney): But we wouldn't quite have time for that history.

Ms. M.J. Pappin-Lamoureux: No, of course not, but—

The Chair (Mr. Bob Delaney): So thank you very much for having come in.

Mr. Michael Prue: You've made your point.

Ms. M.J. Pappin-Lamoureux: All right. Thank you very much.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Undergraduate Student Alliance: Rylan Kinnon and Alysha Li.

Take a seat; make yourselves comfortable. Thanks for coming in a little early.

Mr. Rylan Kinnon: No problem.

Ms. Alysha Li: No problem. Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to the committee, which will be followed by up to five minutes of questioning. This round of questioning will come from the government side. Please identify yourselves for Hansard and then proceed.

Ms. Alysha Li: Thank you so much. Thank you very much for having us. We're the Ontario Undergraduate Student Alliance. Thanks to the committee for having us this afternoon.

My name is Alysha Li. I'm a student and vice-president, university affairs, at the university students' council at Western university and also the president of OUSA.

Mr. Rylan Kinnon: My name is Rylan Kinnon. I'm the executive director of the Ontario Undergraduate Student Alliance. I'm currently finishing my MBA at Queen's University and did my undergrad at U of T.

Ms. Alysha Li: The Ontario Undergraduate Student Alliance represents the interests of 155,000 students at eight universities across the province of Ontario. Our vision is for an accessible, affordable, accountable and high-quality post-secondary education in Ontario. To achieve this vision, we partner with government, opposition parties, sector stakeholders and others to develop solutions to issues facing students in Ontario.

Though we are living in difficult economic circumstances, it must be noted that higher education is not just an expense; it's an investment. The lifetime income potential of a university graduate is up to \$1 million higher than a high school graduate. It is perhaps for this reason that despite only comprising a quarter of the population, university graduates pay over half of the income tax collected by the province.

Those with post-secondary education had only a 4.7% unemployment rate, less than half the rate of those without education. This gap will only widen as Ontario moves forward towards 70% to 85% of all jobs requiring post-secondary education.

Today, we'd like to talk to this committee about the important investment this budget has made to students but also how money could be used more effectively. At a time when the participation gap between high- and low-income Ontarians at our universities is widening, it is important to make sure that every dollar spent on student financial assistance is going to those who need it most.

The first topic we'd like to touch on today is the Ontario tuition grant. The government recognized the importance of investing in future generations of Ontario workers by creating a 30% off Ontario tuition grant this past year, in addition to helping 200,000 eligible students receiving \$800 in additional grant funding this year. This program will grow next year, reach even more students and provide over \$1,600.

Though many have pointed to ways the program could improve, which we will address momentarily, it must be recognized that this program is a significant investment in students and their families. The tuition grant is particularly useful to a few types of students. Middle-income students who do not qualify for other grant programs offered by the Ontario student assistance plan—or OSAP—now receive non-repayable assistance; additionally, debt-averse students who want to access grants without taking on Ontario student loans are eligible for the Ontario tuition grant, making it the only grant program available to these students. This is important, particularly because aboriginal, low-income and first-generation students are all more likely to be debt-averse.

However, there are many ways the program could be improved. The first is to ensure that aboriginal students and students with dependents are adequately supported by the grant. Since the grant is only available to students in their first full years out of high school, it is not supporting students who need to delay going to university.

Studies show that aboriginal students and students with dependents often take an extra year or two to attend post-secondary. These students also tend to have the most significant unmet financial need. Extending an extra year of eligibility would help the students who have the highest financial need. The government has already taken a similar step, extending an extra year of eligibility to students with disabilities. Ontario students ask that the same measure be taken for aboriginal students and students with children. This is a small population, and the cost of implementing this would be marginal. OUSA estimates only \$5 million to \$10 million to increase the equity of the Ontario tuition grant program.

One last point about the tuition grant is that it points to a larger need to control the increasing costs of tuition. It will only take nine years for tuition fees discounted by the grant to reach what they currently are today. Essentially, the value of the tuition grant to students will become completely eroded in a decade if tuition is allowed

to increase at 5% annually, despite the fact that it will have a cost-increasing amount of money every year. This is not a sustainable path for this government or for students. For the government's investment to be worthwhile in the long term, tuition growth must be slowed.

Mr. Rylan Kinnon: The second thing we wish to speak to today is the Ontario student opportunity grant. Though it has attracted fewer headlines than the Ontario tuition grant, the Ontario student opportunity grant, OSOG, is currently the largest and most progressive grant program Ontario offers. This program caps student debt at \$7,300 per year and reaches over 93,000 students annually. If a student's parents don't earn very much money, they're assessed for the maximum loan of \$12,240, but every dollar over \$7,300 is converted to a grant, capping the maximum debt for a student of a four-year program at \$29,200. Without OSOG, low-income and mature university students would owe closer to \$49,000 upon completion of their undergraduate degree.

Research on student financial assistance has noted that OSOG has played a key role in keeping student debt in Ontario from growing considerably over the last decade, making Ontario one of only three provinces to avoid substantial growth in student debt over this time period. Given that the use of student loans has increased over the last several years, OSOG is more important than ever in preventing students from graduating with unreasonable debt levels. Students with more debt are less likely to invest, buy homes, purchase cars and generally contribute to Ontario's economy.

Debt has also been shown to affect graduation and dropout rates. OSOG is thus not only a safeguard of Ontario's student debt level, but also an important piece of Ontario's economic future. Students thus recommend that the government maintain the cap on student debt provided by OSOG at \$7,300.

We would also like to talk about tax credits; specifically, Ontario's education tax credits. Though they're one of the largest investments in student aid that the province makes, they're also one of the least effective at improving accessibility to post-secondary education for Ontarians.

Last year, the Ontario government spent close to \$310 million on tuition and education tax credits. Studies show that of this pool, an average of \$2,000 was claimed by students from the highest income bracket. In contrast, students from the lowest income bracket claim an average of \$520 annually. This is mostly due to the fact that as an income tax credit, a student needs to earn enough income in a given year, and thus pay enough income tax, to be able to benefit from the credit. Only one in three students makes enough money to claim the income credit in a given year. The other two students have to wait until they have a well-paying job to benefit.

Given that the participation gap between low- and high-income students continues to rise in Ontario, this is of particular concern. Furthermore, tax credits can only be claimed at the end of the academic year. Given that tuition payment deadlines are often August or September,

the funds provided through tax credits do not help meet the cost of their education when they are due.

This government already proposed in the 2007 election platform a solution endorsed by every student group in the province: Eliminate the tuition and education tax credits and move them into upfront grants. This solution was reaffirmed this year by the Drummond report, which noted many of the arguments I have just made.

Students understand that financial assistance is expensive and that the government cannot initiate new spending. However, the funds necessary to do everything we have highlighted today, and more, are available if the promise to eliminate future tax credits is fulfilled.

Thus, students recommend that the government cease issuing new tuition and education tax credits and move year-to-year savings into existing financial assistance programs offered through both the Ontario student assistance plan and the Ontario tuition grant.

Ms. Alysha Li: The last thing we would like to touch on is the need to design a reform strategy for post-secondary education in Ontario. There are a number of ways in which Ontario can increase the quality of education in its post-secondary institutions without substantially increasing costs. The Drummond report made many suggestions on how to do this.

OUSA has recommended means by which to do this, and universities, colleges and other student organizations have their own ideas for reform. Ideas like creating a teaching-focused faculty stream would yield productive gains in the hundreds of millions of dollars, while increasing the quality of education.

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What hasn't happened in Ontario yet is a discussion on how we will ensure that we provide equitable access to the post-secondary education required to succeed in the new global economy. Students recommend that the government facilitate a sector- and province-wide discussion on how to improve our post-secondary education system while restraining cost growth.

Mr. Rylan Kinnon: On behalf of our members, we'd like to thank you for having us come and speak today. We'd be happy to welcome any questions that you might have about our proposals.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: We really appreciate both of you coming. Thank you; you did a fantastic job in your presentation.

Mr. Rylan Kinnon: You're welcome

Mr. Yasir Naqvi: I'm going to focus my questions on the 30% tuition grant, a big part of your submission as well. As you know, one of the fundamental issues the government has made in this particular budget despite tough economic times and the fiscal situation is to continue with the 30% tuition grant. It was a big part of the Liberal Party's election platform, it was the most costly of the platform items, and we, within two months, implemented that in place as well.

Do you think that type of tuition grant produces significant savings for students?

Mr. Rylan Kinnon: We believe that obviously it has had benefit for students; \$800 to \$1,600 for a student paying an average tuition of, I believe, about \$6,500 in Ontario is substantial. We believe it's a great investment in increasing the affordability and accessibility of education in Ontario.

With that said, we do believe that it could be improved. Specifically in terms of our recommendations, we believe it could be better improved to help aboriginal students increase their post-secondary attainment rate. We believe it could help dependent students increase their post-secondary attainment rate. We believe we've provided some recommendations on how that could be done today. We, as students, appreciate the grant. It is very helpful in increasing affordability but it could be further improved to increase the accessibility and equity of post-secondary education in Ontario.

Mr. Yasir Naqvi: I appreciate that, and your recommendations. Do you agree with the direction in terms of the tuition grant, where it's focused on low-income to mid-income families? I think it's up to \$160,000 of parents' income. Is that the right approach in terms of giving that tuition grant?

Mr. Rylan Kinnon: We believe that especially low-income families do need to have targeted financial assistance, because if you look at the stats, people in the highest-income quartile are, I believe, four times more likely to attend post-secondary education than those in the lowest-income quartile. So we do need to make sure that we are providing to that income quartile the funds, grants etc. that allow them to achieve a post-secondary credential. Also, in terms of middle- to low-income students, one benefit we see of the Ontario tuition grant is that it provides funding to students who previously would not qualify for OSAP, to make their post-secondary education more affordable.

Mr. Yasir Naqvi: One other theme that we're hearing in these deputations is around inequities in society and how we can use this budget to reduce or hopefully eliminate the inequities in society. There has been a suggestion made that the best way to use this money that is given out through 30% off is to not use any eligibility criteria but just give a blanket fee reduction to all students, regardless of income or background. Do you think that kind of approach will help in addressing inequity issues, or the approach that we've taken—i.e., focusing and targeting low-income to mid-income—is a better way of dealing with that accessibility for those who are in low-income thresholds?

Mr. Rylan Kinnon: I would say again that we do believe that the OTG can be improved. But we don't believe that basically putting the funds that are currently in the Ontario tuition grants into an overall tuition decrease is a good way to improve accessibility. Going back to what I said previously about who actually attends post-secondary education, students in the highest-income quartile are far more likely to attend post-secondary education than those in the lowest-income quartile.

There's also an issue in terms of the benefits that you actually would achieve. If you spend all this money providing every student in Ontario with a tuition reduction, the amount per student is going to be much lower. If you're giving it to everybody, if you're giving it to students who have no problem affording post-secondary education in the first place, you're not reaching the goal of improving accessibility and increasing equity in the system. In fact, I'd say you'd probably be doing the opposite.

Mr. Yasir Naqvi: Thank you very much for your submission. I really appreciate it.

Mr. Rylan Kinnon: Thank you for having us today.

The Chair (Mr. Bob Delaney): Nice timing. Right on the money.

Mr. Victor Fedeli: May I comment, Chair, just off the record? That is also the nicest package, the nicest presentation. Very well done.

Mr. Rylan Kinnon: Thank you. I will pass that on to our communications director.

Interjection.

Mr. Rylan Kinnon: Excellent. I will pass that along.

Ms. Alysha Li: Thank you so much.

Mr. Rylan Kinnon: Thank you so much for having us.

The Chair (Mr. Bob Delaney): Gratuitous comments are always welcome.

STANDARD BRED BREEDERS OF ONTARIO ASSOCIATION

The Chair (Mr. Bob Delaney): Okay, we still haven't had our 3:45 presentation show up. However, the Canadian Thoroughbred Horse Society, Ontario division, Glenn Sikura, is here.

Mr. Monte McNaughton: I think Anna Meyers is here, too.

Ms. Anna Meyers: Actually, I am here.

The Chair (Mr. Bob Delaney): Oh, are you?

Mr. Monte McNaughton: Yes. She is here.

The Chair (Mr. Bob Delaney): Okay. All right. I stand corrected. My clerk has been doing her best to keep me updated. Anna Meyers, please come forward, the Standardbred Breeders of Ontario Association, and have a seat.

Ms. Anna Meyers: I did colour on my presentation.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will go to the opposition. Just state your name for Hansard and then begin.

Ms. Anna Meyers: Okay. I'm Anna Meyers, president of the Standardbred Breeders of Ontario Association, which represents 2,500 individuals involved in the standardbred breeding industry here in the province. I also sit as a director on the board of the Ontario Horse Racing Industry Association.

I'm here to recommend changes to Bill 55 to address the crisis that the government has created with the early

March announcements citing the end of the slots-at-racetracks program as of March 2013.

A little bit of background, and you'll see more in my submission: In 1998, as you know, the industry entered into a partnership agreement with the Ontario Lottery and Gaming Corp. to place slots at racetracks. These were already-established gaming centres with an existing client base. It has been one of the most successful endeavours out there. It has helped the racing and breeding industry, and it has also been very successful for the government.

According to a report put together by Dr. Bob Wright, who's a former OMAFRA horse specialist, pre-slots to 2009, we saw the expansion of horse population for an additional 10,000 horses in the province, which represents \$1.5 billion to \$3 billion in annual expenditures just for that additional 10,000. As well, we saw an additional 20,000 jobs, or 200,000 person years of employment. This has supported a very important agricultural base in the horse industry, as the horse industry is the second-leading subsector of agriculture.

We also saw the development of the Ontario Sires Stakes program, which is a program designed for young two- and three-year-olds. These are Ontario-sired horses, and this model, started in the late-1970s, has become one of the models that has been emulated throughout most of North America and in many parts of the world. It has also fuelled the sale of Ontario-sired horses that are raised here in the province. It has attracted investment into the province through top-quality stallions that have come to stand here in the province. Also, mares have been relocated here in Ontario due to the Ontario mare residency program. We see a lot of US investment, which has been a net positive in terms of sales, the purchase of stallion shares, boarding fees, training and breeding activity. It's part of what happens in playing on the world economy.

The Ontario breeders and the agricultural economy have been the major beneficiaries of this successful partnership.

In 2010, the Ontario Lottery and Gaming Corp. started renewing site-holder agreements for short terms of three to six months. At that time, there was a subcommittee that was struck through OHRIA that met with government members and officials, including Minister Duncan. We reiterated the benefits of continuing on with the slots-at-racetracks program. Part of the reason was, we need long-term planning in order to justify making significant capital expenditures. Following those meetings, we saw renewal of those site-holder agreements for five years and as long as 10 years. So it was a complete surprise when we saw an announcement shortly after terminating the site-holder agreements with 12 months' notice. We call it Black Monday, and it'll be a day I never forget. Minister Duncan's announcement came as a complete surprise to all of us. It immediately hit the breeding sector and hard. We have suffered significant, unrecoverable financial losses and irreparable damage.

Breeders, as you know, may need a five-year lead time, because from the time you breed a mare, it takes 11

months' gestation and two years to raise that foal until you can sell it at the yearling sales, and you need two years' worth of racing opportunity for that horse to even have any value. So we can't respond very quickly at all.

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What happened was farms that had stallions saw that many of the stud fees were not being paid. Basically, you have a contractual agreement to pay your stud fee when the foal is born. We don't know what the value of the foal is, and therefore a lot of those stud fees were not coming in. It's a much-needed revenue stream for these horse farms to exist.

Longer term, I think we're going to see the movement of some very high-quality stallions out of the province into other jurisdictions that appear to be more stable—pardon the pun.

We also saw a 50% reduction in breeding activity at our farms due to the announcements.

On the mare side, which represents more of the farms, we saw a loss of boarders. A lot of them have moved to other racing jurisdictions like New York and Pennsylvania, where they have a solid sires stakes program. They also have mare residency programs. This also affected the revenue stream for many farms.

The inputs on most of our horses are paid up front. The stud fee, all the feeding, the care, the farrier—all of that is paid up front. Right now, we're sitting with three years' worth of horses on our farms and we don't even know whether they have any value.

It takes \$16,000 to \$20,000 to raise a yearling. For many, what we make at our yearling sales is our once-a-year paycheque. If we don't make it at our yearling sales, it is absolutely devastating.

The Ontario Sires Stakes program has been the cornerstone for the breeders. It's why people choose to buy our yearlings at the sales. Right now, it's in jeopardy because 50% of the Ontario Sires Stakes purses actually come from slots.

Yearling prospects this fall are very dim for all of us. We're quite worried. We have problems because we can't do any long-term planning. Our nominations for the sires stakes are delayed. We can't design a program, without slots, that will make the yearlings attractive to buyers. And because of the reduction in the racing opportunities for the owner, we have a very uncertain future.

If this isn't resolved by early August, and not March 2013, we're going to have a horrible problem on our hands and it's going to get very, very ugly, very, very quickly, because August is the time when people start thinking about what they're going to buy for the fall. Our fall sales start in September and October. This is important not only for the breeders, but we also have to have clear direction for the horsemen who buy these horses who might need multi years to get out on their investment. Then it ultimately will affect the racetracks as well with the quality product that they need for wagering purposes.

The Drummond report called for a review to ensure value, not for scrapping this successful program that

employs 60,000 people and generates at least \$2 billion in annual expenditures. It's a driver for agriculture in rural economies, and I'm not sure whether what we're going to replace this with has been addressed, because jobs in Toronto are not going to help somebody north of Hanover who can't commute, can't get rid of their farm and has limited skills.

The other, uglier thing that we hate to talk about is, what's going to happen with all these horses that are unwanted? In Quebec, when they shut down their program, or their racetracks, it resulted in mass euthanasia and slaughter of foals, yearlings and mares. It was a very ugly scene. That's a very small industry in comparison to what we face here in Ontario, because if you look at Ontario, 82% of the breeding activity occurs right here in this province. It should be something that we're proud of, and unfortunately, we find ourselves in this very predicament.

Concerns: The industry is concerned about why we're jeopardizing a current and proven revenue stream that has been so beneficial to the government and to the province. We question the unsatisfied demand of an extra billion dollars that OLG is forecasting. We just wonder where people are spending their discretionary income that's going to be moved over to gaming. Are these forecasts realistic? Obviously, there's going to be cannibalization as new forms of gaming come on board.

What's really alarming is that there has been no dialogue or consultation with the industry about the execution of the OLG modernization plan. We could have avoided many, many pitfalls, I think, by having those discussions.

As well, you're seeing a lot of municipalities stepping forward. They're very, very concerned about what's going to happen in their own areas as far as economic development, and they're wanting a say in terms of what's going to happen in their own communities.

There's an issue that we also have with some statements—

The Chair (Mr. Bob Delaney): You've got about a minute left.

Ms. Anna Meyers: Okay. There's also concern that the horse industry—there was an industry before, there will be one after. There's no reasonable support for this basis.

What we're asking for is short-term. The industry needs to secure a market for our yearlings at the fall sales, for making up the shortfall for 2013-14. That's the very short, short term. Beyond that, we also have horses that were planned for that we need funding secured for, for the Ontario Sires Stakes program through to 2016, to the end of that.

We want a proper net impact study with experts to look at the expanded gaming plans and to address the sustainability of horse racing and breeding. Without the slots-at-racetracks program, it may require a different funding model. This needs to be completed before we make any changes to the current slots-at-racetracks program.

We also want a more realistic time frame to be established, because March 2013 is way too short in order to

react to it. And last, but not least, we want the assessment of the OLG revenue forecasts as well as looking at the examination of the social and community concerns tabled before there are any RFPs issued. So I think we need to do more homework.

The Chair (Mr. Bob Delaney): Thank you. Mr. McNaughton?

Mr. Monte McNaughton: Thank you very much for coming here today, Anna. I know the industry is devastated. I've had the privilege of touring the province on behalf of our caucus, talking to breeders and racetrack officials and people involved in the horse racing industry.

Of course, we heard the news yesterday, about the Fort Erie Race Track closing. They've already announced that Windsor Raceway is closing in August. The decision that the McGuinty government made is absolutely gutting the industry.

In Ontario today, as I'm sure you know, we have 600,000 people unemployed. We heard the announcement that 2,000 more are going to be unemployed at General Motors. I had discussions with RIM this week; potentially, as we're reading the newspaper, up to 6,000 people at Research in Motion. And now 60,000 people, potentially, in the horse racing industry.

Ontario, as I understand it, is currently the number one jurisdiction in Canada for horse racing?

Ms. Anna Meyers: It is.

Mr. Monte McNaughton: That's true?

Ms. Anna Meyers: Bar none.

Mr. Monte McNaughton: Where do you see Ontario if the government proceeds with this?

Ms. Anna Meyers: If the breeding industry isn't salvaged, it's just going to be decimated very quickly—the whole industry. It's like a three-legged stool. You have a breeding industry, you have horsemen that require horse supply and then you have the racetracks that require a quality product. If anything happens to any of those three segments, the whole thing collapses; it's just a question of time.

The unfortunate thing is that the breeding industry is getting the front lines right now, but it will have a spillover effect and it's going to decimate far beyond just the breeding industry. For example, our farm has FedEx and Air Canada cargo shipments that go out every week. There are things that you don't really think are intricately involved in the breeding industry, yet there are other businesses that definitely plug into our day-to-day activities. So I think it's going to be far-reaching. And across rural economies, where a lot of the manufacturing sector has dried up, I don't know what you're going to replace those jobs with. That's what the concern is.

Mr. Monte McNaughton: You were talking about numbers of horses. How many in the province of Ontario now are involved in the racing industry? You were—

Ms. Anna Meyers: How many horses or people?

Mr. Monte McNaughton: Horses.

Ms. Anna Meyers: Horses, you're probably looking at about 30,000 standardbreds.

Mr. Monte McNaughton: So I guess one of the saddest things I heard as I toured the province—I mean, I was at many breeders, and I know everyone, even on the government side, has read the stories in the Toronto Sun, the Toronto Star; the Globe is set for a big spread on this. It's the euthanization of horses. I can say personally that I've heard many stories about this, but would you say with certainty that it is happening in Ontario?

Ms. Anna Meyers: Like you, whenever I see the notices in media that there is euthanization of foals, it just makes me cringe. I'm in this business because I love horses, and most people feel that way. It's something that I certainly don't want to see happen to any of my horses, but I'm aware that it's been reported in media. It's not something that I have done.

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However, as we edge closer to the fall and you have these horses that are not worth anything; you've knocked out the ability for people to provide for their families; they may not be able to hang on to their farms. The question is, what happens to these horses? The fact is, I believe that there will be a large proportion of horses that will be euthanized or go to slaughter. It's something I really don't want to see and it would really be a big blemish on the province of Ontario to continue down this path and have that happen.

Mr. Monte McNaughton: I think the greatest injustice in this policy change is the fact that there was no warning. They didn't work with the industry, no consultation—I would say arrogance on behalf of the government. Would that be a fair term, in your opinion?

Ms. Anna Meyers: Yes. I think there has been little forethought. Dialogue with the industry would have averted a lot of this. Now that we're at this point and it's time to kind of slow down, take a look at things from a proper perspective. OLG was only tasked with increasing gaming revenues; they weren't tasked with protecting agriculture or protecting rural economies.

Mr. Monte McNaughton: Sorry, quickly—and I know Bob is going to cut us off—Bill 76 referendums before any new casinos: Does your organization support that bill?

Ms. Anna Meyers: Absolutely. I think everybody has a right to say what happens in their own communities.

The Chair (Mr. Bob Delaney): Thank you. Perfect timing.

MS. LIZ RYKERT

The Chair (Mr. Bob Delaney): Before our committee continues, there was a deputant who was on the list who had applied pursuant to our notices. As we have been sort of fluid in trying to accommodate everyone, this particular deputant, Liz Rykert, is here. We are sufficiently ahead of schedule to be able to slot her in. Is it the will of the committee that this deputation should go forward?

Okay, our next presentation is from Liz Rykert, who I understand is here. Welcome.

Ms. Liz Rykert: Hi.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Please begin by stating your name for the record and then continue.

Ms. Liz Rykert: Sure. My name is Liz Rykert. I'm here today just as a citizen. I have been involved with the Economic Inequality group, economicinequality.ca, and so I am here to speak about some of those kinds of issues.

Thank you very much for the opportunity to speak to you today. I'm the owner of Meta Strategies, a Toronto-based strategy group working in complex organizational change and digital technology. My current work has been focused on changing behaviour to reduce the incidence and spread of hospital-acquired infection here in Ontario and across Canada.

I was trained as a social worker and I served on the board on the Children's Aid Society of Toronto for a nine-year period until 2010, when I resigned. I'm aware of the growing body of evidence about the negative impact of economic inequality, particularly as it affects women, children and youth in care.

This is made very clear by the attached chart. You'll see in the document that I brought with me a chart on the last page which shows infant mortality rates. It's just one example of many that looks at the issues of income inequality and how they impact everyone in society. I thought it was a good example to share with you today.

The United Kingdom is a much more unequal society than Sweden, and the data is comparing UK and Swedish data. The data shows that infant mortality rates are more than twice as high in the UK than in Sweden for most income groups. But in Sweden, with more equality, all infants do better than in the UK, even those in the highest-income families. All families do better in a more equal society, not just those with the lowest incomes.

For example, if you look at the very last column, where it says "high," based on the father's occupational class—this is UK data; it's how they divide it up—you can see that even in the classes where the father's occupational class is the highest and they're earning the very most, the infant mortality rate for that population is higher in the UK than it is in Sweden.

There's no question but that the situation in Ontario is the same. Where there's more equality, everyone does better. To create a better society, your goal as members of the Legislature must be to make a more equal society. One of the things to do is that perhaps we need to stop thinking about things in terms of concepts like poverty and how there are problems which are related to segmented groups in society, such as low-income people. Instead, we need to recognize that everyone in society is negatively impacted by economic inequality. Making a more equal society helps everyone—rather than segmenting, just thinking specifically and not realizing that, though we have low-income people in our society, that's actually affecting everyone.

Inequality doesn't occur by chance. It is a result of actions that government decision-makers make over time.

What governments have been doing for the last 40 years increased inequality. For instance, government decision-makers have substantially reduced rates of taxation on those with higher incomes. Governments have removed inheritance tax altogether. Governments have decided to tax capital gains at half the rate of income earned through employment. These steps have not only reduced the amount of revenue available to government, they have also increased inequality. While these changes have meant that those higher-income families might have more money in their pockets, the data shows that they too bear the effects of inequality, with worse health, more infant mortality, more mental illness and more crime. We need to begin to reverse these steps to restore more economic equality in Ontario for everyone's benefit.

Cutbacks and austerity do not contribute to greater equality. They do not start solving the problem. In fact, most often they increase inequality. Other speakers have pointed out how this budget will increase inequality unless it's changed.

Fortunately, as members of this committee, you can begin to address these issues by amending Bill 55.

First, the bill should begin to restore progressive taxation on incomes. The proposal of a 2% tax on incomes of more than \$500,000 is a step in that direction and it should be taken; but we need a more comprehensive approach. This can be started with a study of a more progressive revenue system that addresses income taxes and tax expenditures. I ask the committee to authorize such a study, reporting by the end of the year. This is probably best done by amending schedule 67 of the bill.

Second, the committee should restore without delay the increase to the Ontario child benefit planned for 2012 to \$1,310. The Ontario child benefit has been shown to do much to increase economic equality and improve the lives of all children in Ontario. This can best be done by an amendment to schedule 66, which specifically deals with the Ontario child benefit. Why wait another year?

Third, it's critical that those receiving government income support through the Ontario Disability Support Program and Ontario Works be assisted through increased amounts to help restore the level of equality—or inequality, I should probably say—that existed before those rates were slashed in 1995. John Stapleton noted in a brief to you yesterday that the Ontario Works rate for a single person in 1993 was \$663. Today it's \$599—a decrease without taking inflation into account. To restore this rate to what it was 19 years ago, factoring in inflation, would raise it to \$942.

I recommend that those programs be increased immediately by at least 50% in order to create a more equal society, which is better for everyone, including those of us here in this room. The cost is probably in the range of \$100 million. It's a good way to spend money, perhaps some of the money from the 2% tax increase on incomes over \$500,000. This change would have the added benefit of especially supporting youth leaving the care of children's aid societies, a group of young people that is especially vulnerable to economic inequality.

Fourth, an increase in the minimum wage is especially important for women, who often have the additional responsibilities of care for children and the elderly. We need to factor in regular increases to the minimum wage to create more equality. This must be done in conjunction with companies, both non-profit and profit, using appropriate rate increases and good timing, which means it must be done with care. But it is necessary, and increases in the minimum wage should be tied to the continued payment of salaries to members of the Legislative Assembly.

My recommendations are as follows:

- to begin to restore progressive taxation on incomes, amend schedule 67 by authorizing a study, reporting by the end of 2012, on a more progressive revenue system that addresses income taxes and tax expenditures;

- amend schedule 66 to increase the Ontario child benefit to \$1,310, the amount that was originally planned for 2012;

- amend schedule 32 of the interim appropriation act to require that the interim appropriation include funds to increase monthly payments for ODSP and Ontario Works by 50%; and finally

- amend schedule 38 to require that a plan to generally increase the minimum wage in the next three years will accompany continued payment of salaries to MLAs.

I ask you to make these changes to help create a more equal society that will benefit us all. Thank you very much for your time.

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The Chair (Mr. Bob Delaney): Thank you very much. Your questions will come from the NDP. Ms. Armstrong.

Ms. Teresa J. Armstrong: Thank you, Elizabeth—Liz, I should say; sorry—for your presentation.

Ms. Liz Rykert: That's fine.

Ms. Teresa J. Armstrong: You're self-employed?

Ms. Liz Rykert: I am.

Ms. Teresa J. Armstrong: You are, okay.

Ms. Liz Rykert: I own my own business.

Ms. Teresa J. Armstrong: Yes, Meta Strategies. You had mentioned that you are focused on changing behaviour to reduce the incidence and spread of hospital-acquired infections.

Ms. Liz Rykert: That's right.

Ms. Teresa J. Armstrong: Can I ask you if you ever considered what copper would do to minimize infection in hospitals? What's your take on that?

Ms. Liz Rykert: I'm not an expert on infection control technically.

Ms. Teresa J. Armstrong: Okay.

Ms. Liz Rykert: I look at behaviour change and practices among health care workers that contribute to or reduce the spread of infection. So I couldn't comment on the use of copper in the spread of infection, although I've read articles about it.

Ms. Teresa J. Armstrong: Okay, I just was wondering, because that's something I'm working on, and I

thought if you had a perspective on it, it would be interesting to hear.

Earlier today, we did hear from a doctors' group for fair taxation. They were very progressive, as far as I'm concerned, in their thoughts. One of the suggestions they had made was—they do like that New Democrats made that proposal for people who made an income over \$500,000, to increase it 2% towards the contribution of making the budget fairer. It was interesting that they had different levels. They start at \$100,000, I think; \$250,000, and then they increase. They felt that those income-earners could afford a little more as well and contribute to the fairness in the overall economy.

One of the things they had talked about was that if we have a healthier economy and everyone is sharing in fair taxation, there are going to be better benefits to people with lower incomes—health and all that.

I just wondered—your involvement; what is your capacity, other than you being your own business owner—how you got involved in this area.

Ms. Liz Rykert: I'm part of a group of people—we've started a group called economicinequality.ca, and you can find that online. We've held five public meetings so far, where we brought people together to start to think about and understand what these issues are about, and how, generally, regular people in our society can try to take some action.

Many people have been galvanized, interested, in the Occupy movement but haven't seen clear recommendations coming out of that. As somebody who has skills in the capacity to convene and facilitate and help large groups of people make change together, I have a real interest, as a volunteer and somebody in my own society. That's something I can do to help make change.

We have a broad range of perspectives, different people who come to our meetings. I think I would say collectively that the largest meeting we've had has had about 500 people participate; the smallest has probably been about 45 people. We've had a good group of youth generally participating, and that has been very encouraging.

At our next meeting, on June 26, at city council, we're bringing people from a whole broad range of issues, from child care to housing to employment to income security to racialization of poverty—a broad, broad perspective—to begin to start to think about how this fits all across the board and how we're collectively beginning to work on these issues and think about them.

I also think that, as we have divided and segmented our society into pieces and thought, "Okay, this program is for that piece, and this program is for that piece," we don't think about the whole. I think that the data that has been collected through Richard Wilkinson and others around looking at overall inequality, a reframing of that and recognizing how overall it affects us all—there are going to be cost savings. If we have a more equal society, we're going to be healthier.

Ms. Teresa J. Armstrong: I think everybody benefits.

Ms. Liz Rykert: We're going to see less diabetes. We're going to see less heart disease.

Ms. Teresa J. Armstrong: We're going to reap the benefits of putting investment into people so that they can invest in themselves, really—

Ms. Liz Rykert: I think so.

Ms. Teresa J. Armstrong: —as far as health and education and, hopefully, housing etc.

Ms. Liz Rykert: I honestly believe that, at a time when you are seeing contraction in the market and you see a reduction in and pressures on employment, regardless of the division that they're in, the type of industry they're in, they're real people with real families, children to feed, people to look after, farms to look after, horses to look after. I understand that.

I think thinking about it as a government—how do we collectively, as a society, have the things in place that will actually support people during those periods, not cut back those resources?

The Chair (Mr. Bob Delaney): On that thought, I have to thank you very much for having come in to see us today.

CANADIAN THOROUGHBRED HORSE SOCIETY (ONTARIO DIVISION)

The Chair (Mr. Bob Delaney): Our next presentation is going to be the Canadian Thoroughbred Horse Society (Ontario division): Glenn Sikura. Please sit down; make yourselves comfortable.

Mr. Glenn Sikura: Thank you very much.

The Chair (Mr. Bob Delaney): You've been here for a little while so I gather you know the ground rules. You've got 10 minutes to make your presentation; there will be up to five minutes for questioning. This round of questioning will come from the government side. Please begin by stating your names for Hansard and continue.

Mr. Glenn Sikura: My name is Glenn Sikura. I'm the president of the Canadian Thoroughbred Horse Society. To my left is Julie Coulter, general manager of the Canadian Thoroughbred Horse Society, and to my right is Pete Berringer, first vice-president.

I will go as quickly as possible. It's hard to cram my 52 years of existence into 10 minutes, but I'll do my best.

We are the body that represents the interests of those within the province that supply racehorses for Woodbine Racetrack and formerly Fort Erie Race Track, which it was announced has closed as of yesterday.

My history: I've been involved in the horse industry since graduating from the University of Guelph in 1981. I was raised on a family farm prior to that, so essentially my entire life has been on a horse farm. The horse industry is my sole source of revenue. My family, like some 60,000 other Ontario families, has a long history in a business that is steeped with tradition and is part of the fabric of this nation.

This weekend, history could be made, as a Canadian owner has a horse competing for the American Triple Crown, a feat that has not been successfully completed

since 1978. In just a few weeks, the largest day in Canadian racing will take place: the running of the 153rd consecutive Queen's Plate.

Amidst these and many other Ontario success stories that have occurred recently lies an ominous black cloud. The announcement of the cancellation of the slots-at-racetracks program has sent our entire industry into a state of disbelief, shock and outrage.

The Ontario-government-commissioned Drummond report clearly did not call for an annihilation of the single most profitable Ontario Lottery and Gaming program in existence. Rather, Mr. Drummond called for a review of the slots-at-racetracks program to ensure that the government was receiving "value for money." Based on this standard, the program can only be judged as a massive success, the most successful recipient of which is the Ontario government. Municipalities and the highly labour-intensive horse industry are clearly also beneficiaries.

In spite of the fact that we represent a multi-billion-dollar industry, the government has proceeded with a scorched-earth policy which will decimate us. There was a promise of meaningful consultation with the horse industry, a vital segment of the provincial economy, and that promise has not been kept.

The current vision of the government is a massive and unpopular gamble. While there appear to be no facts to sustain the economics of the proposed new direction of gaming within the province, there are volumes of information supporting the value that the Ontario horse racing industry brings to the government and to society at large. Even members of Mr. McGuinty's own government have espoused our virtues previously, as have many of the annual reports produced by the Ontario Lottery and Gaming commission.

In our industry, we project winners based on past performance. This is a sound business principle as well. Through our facilities, our infrastructure, our cross-promotion and, most importantly, our customers, the Ontario government has had a highly successful 14-year partnership that takes place daily in a historically and socially accepted location. In horseplayers' parlance, we refer to ourselves as chalk—that's a heavy favourite. Plain and simple, slots at racetracks have by far outperformed other OLG products. The horse racing industry is a major reason for this fruitful outcome. Our industry is dumbstruck that the partnership has been cancelled. There can truly be no reasonable expectation that the \$1.1 billion that flows annually to government through this program can be replaceable. Certainly it is impossible in the short term and highly risky, at best, in the long term. That poses a severe risk to the many social programs that are currently funded through this form of income generation.

By now, the facts of our economic contribution should be well known: 60,000 jobs, \$2 billion in annual expenditures, \$1.5 billion in wages and salaries. What all of you should be aware of is the following: The Ontario thoroughbred breeding industry has outperformed every jurisdiction in North America over the last few years. We

have seen growth and we've seen massive investment of private dollars injected into a mostly stagnant Ontario economy. We have improved our product, which has resulted in more wagering and greater exports. Both government and industry are the beneficiaries of this success.

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In 2011, our premier sale saw 44% of the gross expenditures come from out-of-province buyers. While we're succeeding at bringing a vast positive net investment from those outside of our province, we sit in fear that our future is going to be sold out to foreign gaming interests. There is no plausible explanation as to how the province is financially better served in this scenario.

The most significant concern is whether or not the horse racing industry survives on parimutuel handle alone. We sincerely believe that it cannot. This is by no means to suggest that we have not been proactive in developing and modernizing our business, and I've listed some of the changes.

With our major competitor also being our regulator, we are clearly disadvantaged. Costs in our industry and the degree of labour intensity may work against our efficiencies, but they're clearly of major benefit to the province's economy.

Because of the Ontario government's slots cancellation, the breeding industry is currently fraught with uncertainty. Already, the effects of this far-too-hasty decision are taking a devastating toll on all of us. Many 2012 stallion contracts have been cancelled. Mares, in many cases, have not been bred back. Some breeders have opted out of the province, leaving farm owners with empty stalls, and staff and family members unemployed or underemployed. Mare owners are divesting in this jurisdiction and spending money elsewhere. And 2013 will only be worse without appropriate action.

A lessened foal crop in the upcoming years will lead to smaller field sizes at racetracks, which in turn leads to decreased wagering, and so the death spiral will continue.

Values of horse farms have plummeted as the economics of participation in our industry have been quashed. In spite of this, the debt load to owners remains, thus leaving the very real possibility that many may lose their properties.

There is no possible way for the breeding industry to react in the government's 12-month time frame. The breeding cycle requires long-term investment. Between purchase of the mare, gestation and marketing of the foal, the breeding sector has been left to perish.

We aren't here, cap in hand, looking for transitional funding. We've had and we need to have a viable strategy to ensure that our livelihoods are not taken away from us.

The breeding industry has acted in a responsible manner as related to slot income. We ask that government do the same. Residency requirements and a variety of Ontario-bred programs and restrictions ensure appropriate use of the revenue. Any reference otherwise is an unfair characterization.

When our industry dies or is severely contracted, there will inevitably be mass job losses. Many of those job skills that are possessed by our workers will not be transferable to other vocations. This will result in a further strain to the province's unemployment insurance program and welfare lines.

What becomes of the beloved horses that comprise our industry? You heard previous comment on that, and there's simply not any way breeders can afford to maintain their foals and their foal crop. When next year's foal crop begins to hit the ground in January 2013, stallion owners will be sending out their invoices. The stud fees, which would have been set prior to the slots' cancellation, are clearly not feasible in an environment where our industry is expected to survive with depleted resources.

Ladies and gentlemen, we are not fairly portrayed when referred to as "a small group of wealthy racetrack owners" receiving a "secret subsidy." In reality, we are 60,000 hard-working Ontarians that include grooms, jockeys, feed suppliers, farmers, veterinarians, blacksmiths, tractor dealerships, truck and trailer dealerships, fence builders, hay and straw suppliers, trainers, bedding suppliers, insurance providers, van companies, tack stores etc.

Any evaluation of the slots-at-racetracks program cannot possibly be complete without taking into account the inevitable damage to Ontario's vast equine industry. Assuming a realistic net sum accounting is to be completed by government, the only rational conclusion is that a solution must be found as quickly as possible before the horse racing industry becomes a footnote and there is significant damage to the provincial economy.

Yours, respectfully.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Sikura, for coming today and making the presentation. I really noted a comment that you made in your submission that what the industry needs is a viable strategy to ensure that the livelihoods are not taken away, so the need for a strategy of ensuring the industry is self-sufficient and has a bright future in Ontario.

Are you supportive of the announcement that was made by the government today in creating a transition panel to study the industry, to work with the industry? The panel is made up of three very reputable people from rural communities here in Ontario, from all three political parties, which could result in a viable strategy for the future of the industry.

Mr. Glenn Sikura: Sir, I'm very respectful and thankful for that, and I think it's a step in the right direction. The concept that we are transitioning people like myself and Peter and Julie out of jobs—I'm not supportive of that at all. I hope that when we sit down and speak with the representatives of that panel, there will be fruitful discussions, which are long, long overdue, and we can come up with a strategy that doesn't include quashing any of the 60,000 jobs that are employed in the province through the horse racing industry.

Mr. Yasir Naqvi: So an opportunity exists, I agree, to work together to find a self-sufficient way forward.

You talked about some of the new products that have been introduced in the racing industry over the years. Do you think there are opportunities that exist for the industry to develop new racing products in its modernization efforts?

Mr. Glenn Sikura: One of the issues is that you, the government, regulate us and you compete against us. So I would have to throw part of that back to you. We have the opportunity to create other parimutuel bets that may be popular with people. If there are table games, if there are other things that are allowed at racetracks, then we have an opportunity to compete. But if our hands are tied behind our backs and we're thrown against direct competition with no means of competing against that other than parimutuel wagering, I think the death knell of the horse industry has been made.

Mr. Yasir Naqvi: Okay, great. Thank you very much for your submission. I really appreciate it.

Mr. Glenn Sikura: Thank you, sir.

WELLESLEY INSTITUTE

The Chair (Mr. Bob Delaney): Our next presentation is from the Wellesley Institute: Michael Shapcott.

The committee should know that we're keeping an eye on proceedings in the Legislature. For the information of our guest, in the event that we hear the division bells ring, we'll give you a reasonable chance to finish your thought and we'll have to interrupt our proceedings long enough to go up and vote.

With that in mind, welcome, this afternoon. You'll have 10 minutes to address the committee and make your presentation, following which there could be up to five minutes of questioning. The questions will come from the official opposition. Please state your name for Hansard, and commence.

Mr. Michael Shapcott: Thank you very much, Mr. Chair. My name is Michael Shapcott. I'm the director of housing and innovation at the Wellesley Institute. We're an independent research and policy institute dedicated to advancing urban health. We both commission research and also engage in public policy and community mobilization.

Our submission today is really focused on eroding provincial affordable housing investments and the inequitable impact of this policy decision on the housing and health of low-, moderate- and middle-income Ontarians.

We have three specific recommendations that we want to table with the committee—they're directed to the government of Ontario, but we would invite the committee to consider them and take them on board.

The first recommendation is that the Ontario government, in terms of dealing with its budget and in particular Bill 55, should reverse the long-term erosion of affordable housing investments by committing to maintain affordable housing funding at the 2010 level

and gradually increasing funding over time to meet the housing needs of all Ontarians.

Our second recommendation is that the Ontario government should restore two critically important programs for people who rely on Ontario Works and the Ontario Disability Support Program. These are the community start-up and maintenance benefit program and the home repairs benefit program, both of which are extremely valuable to some of the most vulnerable of Ontarians in terms of accessing and maintaining healthy and affordable housing.

Finally, we wanted to say that the Wellesley Institute understands that it's necessary for the government of Ontario to ensure that there are adequate revenues to fund critical housing and related initiatives, so we do support the plan to limit further reductions to the tax rate for profitable corporations. We also support measures that seek to increase fairness by restoring more equitable tax levels for the highest income earners in the province.

In terms of the need for affordable housing investments, I'm sure that all the members of the committee are receiving on a pretty regular basis from their constituents stories about the particular housing struggles they're facing right across Ontario. The numbers are quite staggering. Canada Mortgage and Housing Corp. says that 627,530 households—that's not individuals but households—are in core housing need across Ontario. That's their definition of people who are most precariously housed and one step away from being homeless. That's about 17% of all households in the province.

We know that affordable housing wait-lists, which are another measure of the desperate nature of the housing crisis in Ontario, are, as of last year, at 152,077 households across the province. But in my hometown of the city of Toronto, I think the lists are especially encouraging—is democracy about to intrude?

The Chair (Mr. Bob Delaney): Democracy is about to break out.

Mr. Michael Shapcott: Lovely. Well, I'm glad to allow democracy to proceed.

The Chair (Mr. Bob Delaney): Have a cup of coffee, have a cup of tea. This will take a few minutes, and the committee will reconvene as soon as is practical after the vote in the House. We are now in recess.

The committee recessed from 1622 to 1636.

The Chair (Mr. Bob Delaney): Let's bring the committee back to order. I believe Mr. Prue has a motion he'd like to make.

Mr. Michael Prue: Yes. I would like to seek unanimous consent to allow Mr. Shapcott to start from the beginning. I don't think it's fair that he had about 30 seconds or a minute into his time. I think he should be able to give a 10-minute presentation all at once.

The Chair (Mr. Bob Delaney): The Chair was going to offer him that anyway.

Mr. Michael Prue: Oh, okay. Thank you.

Mr. Peter Shurman: In that case, I take exception.

The Chair (Mr. Bob Delaney): Mr. Shapcott, you are now the last actor on the stage at Queen's Park.

Mr. Michael Shapcott: And all that keeps you in the way of enjoying a delightful evening in Toronto, so I'll be—

The Chair (Mr. Bob Delaney): This is take two.

Mr. Michael Shapcott: Thank you very much for the opportunity. I am still Michael Shapcott from the Wellesley Institute, and we still work to advance urban health and population health in Ontario.

We're here today to address Bill 55 and the Ontario budget and focus in particular on eroding provincial affordable housing investments and the inequitable impact of this policy decision on the housing and health of low-, moderate- and middle-income Ontarians.

In specific, we have three recommendations that are addressed to the Ontario government that we're tabling with the committee and hope you might find favour with them.

The first recommendation: The Ontario government should reverse the long-term erosion of affordable housing investments by committing to maintain housing funding at the 2010 level and gradually increasing funding over time to meet all the housing needs of all of Ontario.

Secondly, the Ontario government should restore two critically important programs for people who rely on Ontario Works and the Ontario Disability Support Program. These are the community start-up and maintenance benefit and the home repairs benefit. These two small programs provide very important support to some of the most vulnerable Ontarians to help them to access and maintain housing.

Finally, our third recommendation, because we understand that in order to support these first two recommendations, the government needs adequate revenues to fund these and other critical initiatives, we do support the plan to stop further reductions to the tax rate for profitable corporations, and we also support measures to increase fairness by restoring more equitable tax levels for the highest income earners in the province.

The provincial operating investments in affordable housing, which help to maintain affordability and other important measures in the province's existing non-profit and co-op housing stock, were sharply cut in 2001 when the Ontario government downloaded the cost of social housing to municipalities, and operating investments have continued to erode since then.

Provincial capital investments in affordable housing, which help to fund much-needed new homes, grew substantially in 2009 as the Ontario government matched new federal housing stimulus funding, but those capital investments were cut sharply in 2011 as the federal government announced what it called the scheduled termination of several significant national housing programs.

The issue of affordable housing is one that I'm sure is familiar to all members of this committee. I'm sure you have constituents who are contacting you and telling you about their particular stories, but there are some common patterns and themes right across the province. One is, we know there's an ongoing crisis in private rental housing in the province, where about two thirds of Ontarians find

a home. Rental vacancy rates across Ontario are critically low, well below the minimum 3% that most experts agree is necessary for a healthy rental market, and in our submission, we have details on the rental vacancy rates across the province.

In addition, rents charged by private landlords have been rising in most parts of the province over the past decade much faster than the rate of inflation and outpacing the stagnant incomes of renter households. In fact, Ontario renter households actually experienced a decrease in household income from 1990 to 2009, so over a 19-year period, according to Canada Mortgage and Housing Corp., even though rents over that time rose by about 36%.

We also know that core housing need, that is, the most precariously housed Ontarians, continues to grow. The latest number, which is sadly 2006, because unfortunately our national government doesn't assign a priority to current numbers on this issue—but the 2006 number is 627,530 households across Ontario in core housing need, that is, most precariously housed. That's 17% of all households in the province. So based on historical trends and factoring in the impact of the 2008 recession, I think we can safely say that we've probably climbed to at least two thirds of a million households in this category.

1640

We know that the single biggest housing issue for most Ontarians is the cost of housing. For low-, moderate- and middle-income Ontarians, the high cost of housing crowds out other necessary spending, like food, medicine, transportation, child care and clothing.

Statistics Canada estimates that 1.3 million households—that's about one in every three households—pays 30% or more of their income on housing, which is the generally accepted definition of unaffordable housing. We know that the biggest burden of unaffordability falls on the poorest Ontarians. One of the most dramatic indicators of the province-wide affordable housing crisis are affordable housing wait-lists by municipalities. In 2011, there were 152,077 households on the so-called active wait-lists across the province. Here in the city of Toronto, the wait-lists, every month when they release their numbers, set a new record, and they've been doing that every month since 2008. If there's one indicator of how serious and how urgent the need is for new affordable housing, it's the fact that every month, month after month, since 2008 the affordable housing wait-list continues to set a new record.

Of course, this is bad for housing and it's bad for people, but it's also bad for the health of Ontarians. In our submission, we've set out some of the links between housing insecurity and illness and premature death. Many households are living in substandard housing in a poor state of repair, and that's another dimension of the housing issue.

Finally, I wanted to just quickly review the fiscal landscape for housing in Ontario, because this is the budget committee. I've already mentioned that housing operating dollars—that's the money that is used to invest

in existing housing to maintain it and keep it affordable—fell dramatically in 2001, when housing was downloaded to municipalities, and it has been falling ever since then. The Ontario government has continued to make annual cuts to operating investments over much of the past decade. What you may not know is that most Ontario operating housing investments are actually federal dollars which flow to the province and on to municipalities. The significance of that is that when the federal government decides to increase funding, you get a few more dollars, but mostly, sadly, in the last 20 years the federal government has decided to cut funding, and that means that Ontario has less money to invest in affordable housing. Indeed, in 2009 the Ontario Auditor General flagged this as being a serious issue. Don Drummond, in his report earlier this year, made a specific recommendation urging the Ontario government to negotiate a new long-term affordable housing deal with the federal government to address the long-term erosion of operating dollars. This is an urgent issue that needs to be taken up.

It has taken years for Ontario's affordable housing crisis to build up. We estimate, for instance, that if the Ontario government had merely maintained all of its pre-1995 affordable housing programs to the same level as they were in that era to the present time, we'd have 200,000 more affordable homes across the province of Ontario. That wouldn't mean that there would be nobody on wait-lists or that there would be no homeless people, but we sure would be in a lot different situation: The wait-lists would be a lot lower than they are now and there'd be a lot fewer people crowded into homeless shelters.

Ontario needs to better manage and target its housing investments. The Auditor General noted in 2009 that provincial social housing investments are going into programs that are often poorly designed; they're badly targeted and don't meet the needs of the poorest Ontarians. Often they're reaching middle-income Ontarians, which is good for them, but the people who need the help the most are being left behind. The Auditor General also noted that the province has to address this issue of the federal government's continuing withdrawal.

Finally, I wanted to mention adequate repair funding for affordable housing. The provincial government did allocate \$200 million for social housing repairs about three or four years ago. They had also passed through to the municipalities federal affordable housing repair funding, and that money has been well used. It has also established an innovative affordable housing loan fund through Infrastructure Ontario, which is another good initiative. But these initiatives fall short of the repair needs in the social housing sector, let alone the broader repair-and-upgrade needs in the private rental sector.

The Drummond commission also recognized the deteriorating quality of affordable housing as a major concern in terms of the broader question of declining municipal infrastructure and set out a series of observations and recommendations in his report.

We'd urge this committee to seriously tackle the question of eroding provincial investments on both the capital and the operating side and to take up our recommendations.

Thank you for the opportunity to make these submissions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Mr. Shapcott, for an interesting presentation.

I wanted to ask you if you would side with—I think I know the answer, but I'd appreciate your wisdom. A lot of deputants who have appeared over the course of the past two days believe that the solution to Ontario's problems—which, of course, are at the root of the issues you've raised today—is on the revenue side. Would you agree with that?

Mr. Michael Shapcott: I think you need the revenue in order to fund some solutions, yes.

Mr. Peter Shurman: Yes. But obviously, what has happened is, the government of the day has made a decision that revenue would not be the area where they would focus; rather, they would present their version of an austerity budget. So what I guess I'm trying to draw you out on is, because you alluded to the tax system, do you think that the tax system needs revision to be even more strongly—I'll just say in the face of corporate and individual taxpayers, and that people should pay more? I don't want to put the words in your mouth; I just want to hear what you have to say on it.

Mr. Michael Shapcott: Well, my colleague Sheila Block, who is our director of economic analysis, produced a paper a little while back with the title *Austerity is Bad For Your Health*, which I think suggests in one phrase the view that the Wellesley Institute has about this. We do think that while there's always room for reviewing expenditures and efficiently targeting, as we've said in our submission, we do have to have a fair and efficient tax system and an equitable tax system, and the tax system has gotten badly out of whack lately. In our submission today, we specifically do talk about how, both on the corporate and on the individual tax side, there is room.

We know that other organizations, up to and including the Organisation for Economic Co-operation and Development in its reviews on inequality, have made the same observations generally about Canada and provincial governments.

Mr. Peter Shurman: Okay. Well, you and I have been around for a day or two. We know a little bit about history, and you've been a very active person on the social scene in Toronto. You know that in 2003, Dalton McGuinty and the Liberals were elected to govern the province. That year, the budget looked at spending about \$65 billion, and this year it looks to spend about \$130 billion. You also know that by spending that kind of money, we're left with a shortfall called a deficit of about \$15 billion, and you know that inside that budget, one of the chief costs is interest because we've borrowed so much, about \$11 billion.

I know that you're not presenting yourself as either an economist or a budget guru, but I'm looking to get your take on responsibility here. However you slice it, whether you think he's responsible or you think societal conditions are responsible—whatever you think is responsible—we have a problem that we have to solve together. It's impacting on the area of your concern in a very large way. It's for the Liberals or my party or the NDP or all of us to come up with solutions. How do we even start?

Mr. Michael Shapcott: I think, Mr. Shurman, you're quite right. I'm not an economist, although I have been invited to and have participated in several economic forums with the Organisation for Economic Co-operation and Development, in particular looking at economic policy and social policy and how they interact. The one additional factor, I think, that has to be added into your equation is what has happened with the overall size of the economy during the years that you've mentioned. I don't have the numbers off the top of my head, but most economists, when they ask about what is the relative capacity of governments on both the spending and the tax side, compare it to the overall GDP. Of course, as GDP grows, there's increased capacity for all sorts of economic activity, both public and private sector activity. We would say that certainly, the Ontario economy did grow through much of that period—not so much post-2008, but certainly before 2008—and that would indicate that there should be a healthy growth on both the revenue side and the expenditure side. What we did see, however, was both before 2003 and after 2003 governments deliberately tamping down on the revenue side, which restricts the amount of money available. That creates the deficit which then, of course, we do have to finance.

Mr. Peter Shurman: Solution to your problems: It's easy to throw things at you—

The Chair (Mr. Bob Delaney): You've got to get to the point quick.

Mr. Peter Shurman: I'll get to the point quick. What if somebody said, "We're going to solve the problem of affordable units and the wait-lists for them," which are, as you pointed out, excessive, "by just simply paying a rental supplement"?

Mr. Michael Shapcott: I pointed out already that the private sector rental vacancy rate across the province is at a critically low level. Here in the city of Toronto, Canada Mortgage and Housing Corp. says there's about 5,000 vacant rental units. There are 83,000 households on the wait-list, so there's no mathematical possibility of providing—even if every one of those 5,000 vacant units, some of which are at the high end of the scale and not appropriate, could be matched with a rent supplement or a tenant moved in there, a household, we'd still have 75,000 households. So we have to have a supply part of the solution as well as a rent supplement solution.

I'm all in favour of housing allowances. When the Conservatives announced them as part of the Common

Sense Revolution in 1995, we thought it was a good idea, and we were sorry they decided not to proceed with that. They took a different course. They were part of the solution.

The Chair (Mr. Bob Delaney): And there you have it. You've had the last word.

Mr. Michael Shapcott: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Peter Shurman: Thank you.

The Chair (Mr. Bob Delaney): I just want to thank the committee for all of its work yesterday and today. We'll meet again tomorrow at 11 o'clock, right here in your favourite room, 151.

Mr. Peter Shurman: Are we good enough to go from 11 and finish—do we have to go to 9, or are we going to finish early? What do you think?

Mr. Victor Fedeli: We're not scheduled till 9.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Possibly 6.

The Chair (Mr. Bob Delaney): Yes, 6.

Mr. Peter Shurman: And are we going to go to 6?

The Clerk of the Committee (Ms. Valerie Quioc Lim): We'll see, depending on the presenters.

Mr. Peter Shurman: I realize that, but I'm just wondering what your load is at this point.

The Chair (Mr. Bob Delaney): You can count on the Chair's best efforts to be expeditious in our use of time.

Mr. Peter Shurman: I know. I'm being sincere.

COMMITTEE BUSINESS

The Chair (Mr. Bob Delaney): One last item before we adjourn. I'm quoting from the unanimous consent motion just as an update.

The Standing Committee on Finance and Economic Affairs "shall be assigned the review of the auto insurance industry, currently being conducted by the Standing Committee on General Government pursuant to standing order 111, and that all evidence and papers relating to this review be transferred to the Standing Committee on Finance and Economic Affairs; and

"The committee is authorized to meet during the summer adjournment for the purpose of this review on up to 4 days during June/July, on dates and in locations in Ontario established by the committee."

I'm just reading this into the record to serve notice to everybody that next week we will convene a meeting of the subcommittee to discuss those four dates and locations. I'm giving you an early warning; this has sneaked up on me. I know you all share my excitement and enthusiasm for the task during our summer recess.

With that, our business for today is concluded. I will see you Friday at 11 o'clock, right here in room 151. We are adjourned.

The committee adjourned at 1654.

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Standing Committee on Finance and Economic Affairs

Strong Action for Ontario Act
(Budget Measures), 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)



Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Friday 8 June 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Vendredi 8 juin 2012

*The committee met at 1100 in room 151.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): Good morning, everybody, and welcome to our casual Friday consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

CHATHAM-KENT HEALTH COALITION

The Chair (Mr. Bob Delaney): Our first presentation this morning will come from the Chatham-Kent Health Coalition. Shirley Roebuck, come on up and kick us off. You'll have 10 minutes to make your remarks this morning, followed by up to five minutes of questioning. Our first round of questioning will begin with the official opposition. Just state your name for Hansard and commence.

Ms. Shirley Roebuck: Thank you. Mr. Chairman and honoured committee members, thank you so much for allowing me to appear before you today.

The Chatham-Kent Health Coalition is a volunteer group that looks to maintain health care services and publicly funded health care in Ontario. Our main focus these days certainly is to make sure that rural hospital services are maintained and are not disseminated any further than they have been over the past years.

I have prepared a written presentation for you today, and I know you are all very dedicated public servants and that you will all read every word of this. I'm not going to just read it to you; I'm just going to précis down what I feel is extremely important.

The deal that has been made between the opposition and the Liberal government, in my opinion and in the Chatham-Kent Health Coalition's opinion, falls short of what is needed to maintain rural health services and indeed all health services in Ontario. I feel that the

monies that were given for rural hospitals, the \$20 million that was put aside for rural hospitals, is actually aimed at finding efficiencies. I'm afraid that that's another term for cuts and downsizing.

I need you to hear this if you tune me out for everything else: Rural hospitals need protection under legislation for basic, needed health services. They need protection from closure and further downsizing so larger hospitals cannot shut them down.

What I mean by that is, hospital amalgamations, hospital consolidations, are feeling the pinch for funding, and they are looking to try to balance their budgets, which are now legislatively mandated, and it's easier sometimes simply to close the smaller hospital than to downsize or close a larger service in a larger centre.

Now, I don't know how many of you have ever visited a smaller hospital. I know one of you has. Small hospitals play a pivotal role in Ontario's health system. They allow people to recuperate and recover in their own communities, with their families. That is a compassionate thing, isn't it, and we cannot run a province or the finance part of a provincial budget on compassion, but here's what that does for the province: It frees up a bed in a larger centre. We've all heard the stories about people lying in emergency in large cities, for hours, days, sometimes up to a week. Keep the smaller hospitals open. Keep the rural hospitals open, give them in-patient beds, and you can cut the wait times in larger centres.

The other thing that I think personally, being an emergency room nurse, is really the priority for me is small, rural hospitals give people a chance to get where they need to go. Think of farm accidents; think of motor vehicle accidents on the 401 that are close to small, rural hospitals. We take those patients, we stabilize them, and we get them where they need to go, whether that's a larger-community centre or a tertiary care centre. It equalizes the playing field for all Ontarians to have equal access to care and an equal chance at survival. Now, that's all I'm going to say about that.

The other thing I want to talk to you about this morning is section 28 of Bill 55. It's the budget bill's privatization clause. This is certainly a new power for cabinet, and there's a new privatization minister who has sweeping power to order privatization of public services. This includes health care services in hospitals.

Premier McGuinty doesn't have a mandate from the Ontario electorate to do this or to put it into the budget

bill; the Conservatives do not have a mandate from their supporters for a privatization bill; neither do the NDP.

This change in direction certainly, I would hope, would spark deep and complete debate about whether or not this is the proper thing for Ontario to do. Please don't. I know that there is support for privatization of services, but please don't do it this way. Please don't slip this into the budget as an afterthought. Have the discussion, have the debate in the House. Let the Ontario public decide whether they want privatization of services or not. This is a grave threat to public health care, and section 45 at this point in time must be withdrawn.

Now, I never like to come to meetings like this unless I have suggestions. Maybe some of you will like these; maybe some of them will make you scream.

I would like you to initiate measures to restore balance and fairness to our tax system. I'd like you to eliminate employer health tax loopholes and cancel corporate tax cuts. I would like you to restore hospital funding to meet hospital inflation and to stop service cuts. I want you to protect rural hospitals from service cuts and closure. I want you to cancel competitive bidding, P3s and pay-for-performance hospital funding. And I want you to remove the budget bill's privatization clause from Bill 55.

Thank you.

The Chair (Mr. Bob Delaney): And thank you. Mr. McNaughton.

Mr. Monte McNaughton: Thank you, Shirley, very much for coming all the way to Toronto to present this morning, and thank you for all the work that you do in the Chatham-Kent area. I know we've spoken many times over the years and share the commitment to stand up for our rural hospitals.

I just wanted to ask you—because I forget the numbers at the Sydenham hospital in Wallaceburg—the number of beds that are there today versus the number of beds, say, 10 years ago.

Ms. Shirley Roebuck: Ten years ago there were at least 25 in-patient beds, including a small intensive care unit. Today, there are five in-patient beds that can only accept certain types of patients.

Mr. Monte McNaughton: I guess along that line, I saw this morning before I left home in the London Free Press, on the front page, many health cuts going on in London and across the southwest. It's sort of being done in a sneaky way by this government. I wondered if you could expand on maybe why they're doing it in sort of a backdoor approach, or if you agree even with my statement.

Ms. Shirley Roebuck: I can't really speak to whether or not this is all being done in an underhanded way, but I don't think the public is really aware of many changes. Everybody in Ontario just believes that they walk into a hospital and the services are there, that that's it. This is what we've all grown up with.

Unfortunately, because of the way things are becoming more competitive for funding, services are being amalgamated in one hospital and taken away from another. This is all being done based on efficiency sta-

tistics. Now, efficiency, you'll be told, is quality care, decreased mortality rates, decreased length-of-stay rates. This is not good for the average person. If you can receive health care in your own community, with a little bit of compassion as well as good business sense, I think it's a fair deal.

You know, probably everyone in this room is very lucky. Here in metro Toronto, you could drive from the east end to the west end for service without much angst.

Mr. Peter Shurman: We have very little time, and I'd like to get a question in. You're very passionate about your concern for privatization.

Ms. Shirley Roebuck: Yes.

Mr. Peter Shurman: Privatization exists now. Every single private practice doctor is an example of privatization. Many clinics, labs or radiology clinics are privatized. In my view, they work fairly well, and I think that we should continue in that area. That's not at the expense of hospitals. Would you agree with my characterization?

Ms. Shirley Roebuck: No, I wouldn't.

Mr. Peter Shurman: Okay. Tell me why.

Ms. Shirley Roebuck: Let's talk about physiotherapy. It was delisted by OHIP, and now there are private physio clinics. I'm not an emergency nurse anymore. I actually work for Service Canada, Canada pension plan disability. There are so many workers who cannot afford physio, so they don't go, so they become disabled—

Mr. Peter Shurman: But that's not about privatization; that's about delisting. If physio had been privatized, as it is, but still was paid for by OHIP, that situation would be different, wouldn't it?

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Ms. Shirley Roebuck: Well, I would hope so, unless there was a surtax on top of what the OHIP rates were.

You talk about private labs. LifeLabs is almost hitting its limit as far as what it can do. LifeLabs makes its profits based on volumes. They want to do all of the simple tests—the hemoglobins, the electrolytes, things like this—because those tests are done every day in great, great volume. What hasn't been done is that LifeLabs' computerized system is not connected at all with hospital systems. So yes, you'll go, you'll have your tests done, and there's about a 48-hour turnaround before a result is made available to the doctor.

Mr. Peter Shurman: I hear what you're saying, but if I can just get you to give me a kind of a yes or a no. In the event that we had capacity, in the event that we had the appropriate listing under OHIP for—your example was physiotherapy. Is privatization still a dirty word?

Ms. Shirley Roebuck: Yes, sir.

Mr. Peter Shurman: Thank you.

The Chair (Mr. Bob Delaney): Thank you.

COLLEGE STUDENT ALLIANCE

The Chair (Mr. Bob Delaney): Our next deputation is the College Student Alliance, Ciara Byrne. Good morning and welcome.

Ms. Ciara Byrne: Good morning. Thank you for giving me this opportunity today. As mentioned—

The Chair (Mr. Bob Delaney): Before you get going, I'm just going to remind you of the ground rules. You have 10 minutes with which to make your remarks, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Begin by stating your name for Hansard, and then continue.

Ms. Ciara Byrne: As mentioned, my name is Ciara Byrne, and I am a recent graduate of Conestoga College, in my second term as president at Conestoga Students Inc. and the newly elected president of the College Student Alliance.

Today I speak to you as the president of the College Student Alliance, a 35-year-old advocacy-driven group that represents 135,000 students from 16 of the 24 colleges in Ontario. We've strived to improve access, affordability, transferability, accountability and quality for colleges and college-university students. I believe that the working relationship we've created with both the government and opposition parties has helped us voice our student concerns.

The CSA has been well aware of the government's fiscal constraints, and the 2012 Ontario budget reflected the austerity measures needed to reach a balanced budget by 2017-18. It also reflected the government's intention to protect education with minimal cuts to programming.

One significant component of the 2012 Ontario budget was the continuation of the Ontario tuition grant, which acts as a major step forward for affordability and accessibility in post-secondary education in Ontario. Ontario colleges enrol a very diverse student group, with the average age of students being 23 years old. Furthermore, in the 2010-11 academic year, Colleges Ontario reported in their environmental scan that 40% of college students were less than 21 years of age. The financial benefit of this program for secondary students transitioning into post-secondary is significant, as college students receive \$730 and university students receive \$1,600.

CSA has been fortunate to be included in the discussion of this program since November 2011. Although several recommendations have been implemented, such as the extension for students with disabilities and including applied degrees being recognized as university degrees, there still remains opportunity for further advancements in this program.

First and foremost, the requirement that students are out of high school for less than four years to receive the new tuition grant and Ontario access grants is a logical condition to ensure money is spent on those with the highest need. However, we are very concerned that it will be shutting out several sub-populations that are already financially vulnerable.

Aboriginal students are already severely underrepresented in post-secondary education. Only 9% of Ontario's aboriginal population aged 25 to 64 has a university degree, compared to 26% of non-aboriginal populations, a gap that has widened in recent years. There are a number of reasons for this underrepresenta-

tion, but significant financial barriers are chief among them. Aboriginal students are more likely to come from low-income families, while federal band funding has not kept up with the demand. Most concerning for the purposes of the tuition grant is that more than half of aboriginal students are mature and would thus be ineligible. There are a number of reasons for this, including wait times for post-secondary student support program funding, the increased likelihood of attending college prior to transferring to university, and nearly one in three students report caring for a dependant.

Like aboriginal students, students with dependants are already underrepresented in higher education and are more likely to be mature. For example, individuals who have children before the age of 26 are less than half as likely to attend post-secondary education as those with no children. The presence of a dependant particularly impacts women, as women under 25 with a dependant child are only 20% as likely to attend post-secondary education as the general woman.

While many individuals with children would be eligible for the new tuition grant in the four years after they completed high school, students with children still have significant unmet needs, as the funds provided for child care dramatically underestimate real costs. This need has been found to be particularly acute for those with children under the age of 12.

When individuals with dependants are unable to access higher education, this has broader economic and social repercussions. We propose that independent students who indicate they are aboriginal or have a child under the age of 12 on their OSAP application receive the new tuition grant regardless of how long they've been out of high school.

It should be noted that this will necessitate adding on an aboriginal self-identification question to the OSAP application, but that process is already under way to bring the aboriginal bursary over to OSAP. Based on approximate calculations, we do anticipate the cost of such an extension would be \$4 million for aboriginal students, \$2 million for students with disabilities and \$1 million for students with children.

Another equally important financial aid tool is the Ontario student opportunities grant, which forgives any amount over \$7,300 per two-term academic year and \$10,950 per three-term academic year. In the 2010-11 academic year, over 80,000 college students accessed OSAP, with most coming out graduating with over \$10,000. This program is worth more than the OTG to most students. There are no recommendations on this program other than, please continue it.

As debt rises, it is crucial to have programs such as these. College students are fortunate to have some of the lowest tuition costs in all of Canada and still experience some of the highest-quality education in the OECD countries. With 70% of future jobs requiring a post-secondary education, it is more than important that Ontarians obtain a post-secondary education. Similarly, Rick Miner's report, *People Without Jobs, Jobs Without*

People, highlights an impending labour shortage, and it is up to all of us to ensure Ontarians, young and old, have access to an affordable and high-quality education.

The CSA looks forward to continuing a constructive dialogue with the government to ensure the voices of our future are heard and Ontario prospers. Thank you for your time, and I'm happy to answer any questions.

The Chair (Mr. Bob Delaney): Thank you. Mr. Prue.

Mr. Michael Prue: I just want to make sure that I've got this down. You are not asking for additional money; you're just asking mostly that it be apportioned in the right ways, because it's not getting to the right people at this point—

Ms. Ciara Byrne: Yes.

Mr. Michael Prue: Okay. The failure—and we've heard this from other groups and we've even talked about this in the Legislature—of the government program is that it largely leaves out great swaths of people—those who are not four years out of high school, those who are mature students, aboriginals, and you've touched on that. Could you just explain how many people this may involve?

Ms. Ciara Byrne: I have it in here. We do understand that the tuition grant was to encourage students coming from secondary education to pursue a post-secondary education. However, like I said, only 9% of the aboriginal population that can pursue a post-secondary education is pursuing one. That leaves 91% of the population that's not. I don't know the actual number—it's a big population—but it's about 91% of the population in aboriginal students who are not pursuing an education.

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Mr. Michael Prue: Do you have any idea how many students—I mean, I know a lot of students, including me all those many years ago, who went straight from high school to university. But I also know when I got there, there was a pretty large number of people who had taken a year or two years off, some of whom had gone to work in order to build up some funds to allow them to go to university. What is it like today? Do you have any numbers?

Ms. Ciara Byrne: On how many take a year off or how many access the tuition grant?

Mr. Michael Prue: A year or two years. How many don't go straight from high school? Because anybody who doesn't go straight from high school will find out that they may not be eligible, certainly towards the end.

Ms. Ciara Byrne: We don't have any solid numbers on how many don't go straight from high school, but we know that there are only 160,000 students that are eligible to get the grant.

Mr. Michael Prue: And how many students are there in total?

Ms. Ciara Byrne: About 600,000 with college and university.

Mr. Michael Prue: So this is only about one out of four students who's even eligible for the grant?

Ms. Ciara Byrne: Yes.

Mr. Michael Prue: And these are the ones who more than likely are still at home or are young enough that their parents would still be providing.

Ms. Ciara Byrne: Yes.

Mr. Michael Prue: Okay. Anything else you need to say?

Ms. Ciara Byrne: Any other questions?

Interjection.

Mr. Michael Prue: Go ahead.

The Chair (Mr. Bob Delaney): Okay, Ms. Forster.

Ms. Cindy Forster: Two questions: I was very concerned about the issue you raised about single parents, who generally are women, right?

Ms. Ciara Byrne: Yes.

Ms. Cindy Forster: In my view, it actually creates a discriminatory practice within this tuition grant piece, because it's young women with children who aren't able to actually access this because they've been out of high school for—was it longer than four years?

Ms. Ciara Byrne: Yes.

Ms. Cindy Forster: Do you have any sense of magnitude of the numbers in that case?

Ms. Ciara Byrne: No, but it would be very good to get. I don't think they've come up, so thank you.

Ms. Cindy Forster: Could I have one more question?

The Chair (Mr. Bob Delaney): You've got about a minute and a half, if you wish.

Ms. Cindy Forster: Okay. I've had a number of university and college groups in over the past six months, and in both of those levels of education, they've raised the issue of part-time teachers, part-time professors, and how that impacts students. Can you maybe expand a bit for us about the issue of part-time versus full-time or tenured professors?

Ms. Ciara Byrne: Yes. We have had the concerns raised with part-time where it takes away from the quality of education, where the professor is not accessible to the students on a full-time basis. We do know that a lot of institutions are hiring part-time professors in terms of cost. It does cost a lot less. However, full-time teachers are, when we talk about quality—the CSA has a stance that full-time teachers do provide more access to the student where they can get that help as much as they need it, 24/7 almost, so we do have that stance.

Ms. Cindy Forster: Okay. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for having come in this morning.

Ms. Ciara Byrne: Thank you.

COUNCIL OF ONTARIO UNIVERSITIES

The Chair (Mr. Bob Delaney): Our next deputation is the Council of Ontario Universities, Jennifer Grass. Good morning and welcome. Just a quick recap of the ground rules: You'll have 10 minutes for your remarks followed by up to five minutes of questioning. This round of questioning will come from the government. Please begin by stating your name for Hansard, and continue.

Ms. Jennifer Grass: Jennifer Grass is my name. Good morning, and thank you very much for this opportunity to speak to you today on behalf of the Council of Ontario Universities.

The president and chair and vice-chair of the council regret that they are not able to be with you today, but as you can imagine, this is a very busy and exciting time on university campuses. As I speak, there are parades of university students going across stages collecting their degrees. If you're a parent, you will remember or you will be able to imagine the sense of pride that you feel in the accomplishment of your son or your daughter, your husband or your wife or other family graduate.

University leaders and faculty members also share in that sense of pride because they helped to provide those graduates with the skills in critical thinking, problem solving, communications and technology—skills that will help them to be successful in their careers and in their lives. As Ontarians, I think we can also all be proud because of the public good that these graduates provide to our workforce and to our society.

The Ontario government has acknowledged the importance of post-secondary education as an economic driver, and we are very grateful for that. We welcomed the government's continued commitment to respond to the growing demand for higher education in the budget bill. Our students appreciate the government's ongoing efforts to improve access to higher education and the commitment to student financial assistance.

We also know that these are tough times, that tough choices had to be made, and we appreciate that this budget bill protects the gains that have been made in our sector through the modest increase in funding provided.

Universities are doing their part to operate efficiently and effectively while providing high-quality education to Ontario students that makes them internationally competitive, both academically and in the workforce. Indeed, Ontario universities are more efficient than their competitors in other provinces. Since 2003-04, Ontario universities have added more than 75,000 students, bringing total enrolment to over 434,000 students. This amounts to an average growth rate of 3% per year and almost 25% on a cumulative-growth basis since 2003-04.

Universities accommodated that growth with nearly the lowest per-student revenue base in Canada, and even under these constraints, our student-faculty ratio has held steady, as part of our commitment to ensuring that students receive the best education we can provide.

Universities are taking a leadership role in finding financial and operational efficiencies. Last year, we sponsored a symposium for the broader public sector on financial innovation on how and where to find efficiencies. Most recently, this conference was actually acknowledged at a gathering of the Toronto Board of Trade as an exemplary practice. We will continue to look for ways to reduce costs individually and collectively through bulk purchasing and shared services.

For example, our Scholars Portal provides digital research to students and faculties all around the province,

our inter-university transit system ensures that books and documents can move efficiently and effectively across the province, and the Ontario Universities' Application Centre is an internationally recognized model of efficiency in the central processing of university applications. We have many visitors from around the globe who come to us for advice on how to set it up.

Ontario universities responded quickly to the government's 10% cut to executive office expenses and will continue to maintain a keen eye on administrative expenses. It is the right thing to do at any time to ensure that our universities are able to maximize the resources available to them for the education of our students and the research enterprise. Indeed, administrative costs, as a percentage of total operating costs, have consistently been held below 5% and are lower now than they were in 2003-04.

For years, universities have been doing more with less, but in these difficult times, it is going to be important, going forward, that there is sufficient revenue for the sector. Higher education is both a private and a public good, and universities will need to have sufficient resources to support the public good.

University participation rates in Ontario are among the highest in Canada, even with relatively high tuition, because Ontario's financial aid system is one of the strongest and most generous in the country. Every willing and qualified student is able to attend university in Ontario.

Universities themselves also provide funding: over \$700 million each year in non-repayable scholarships and bursaries. Universities also provided over \$135 million last year through the student access guarantee, an ongoing program that supports students who have the most serious financial needs.

The Ontario government has capped the annual OSAP debt that a student can incur. Recent improvements to the repayment assistance plan mean that students can allocate no more than 20% of income to student loans, and unpaid OSAP debt is forgiven after 15 years, and 10 for those with disabilities.

Moreover, research overwhelmingly suggests that because of the generous financial aid system in Ontario, financial issues and the cost of tuition are not the biggest barriers to access anymore. Whether a child's parents have attended post-secondary education and cultural attitudes toward higher education are much greater determinants going forward.

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Our commitment to quality and the student experience is demonstrated by the fact that our universities have increased student services funding on a year-over-year basis. Ontario universities have higher retention rates and graduation rates than colleges and universities in other provinces and in the US. Moreover, our graduates have lower loan default rates than any other educational level and consistently see positive outcomes in employment rates. Even in a recession, there are more jobs available

for university graduates. University graduates also see higher earnings over their lifetime. It is the most important investment a student can make in their future.

To protect and enhance that investment, the quality assurance framework for university programs, which has recently been enhanced, is firmly focused on learning outcomes. A new report called *Beyond the Sage* on the Stage is designed to promote a dialogue around faculty and teaching staff that will create more innovative teaching methods in the classroom.

It's important to recognize that beyond creating a talented workforce for the province in a very cost-effective way, universities have other broad economic and social impacts. Our universities operate in 35 communities in the province, and university involvement in communities is helping to fundamentally improve economic stability and cultural and social well-being. University research is also changing lives, improving health, developing new products and shaping public policy.

In the coming years, we hope that not only the government but you as well will continue to recognize the very fundamental role that universities play in building a better Ontario. We will need the continuing support of government to continue to transform and innovate in the years ahead. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Jennifer, thank you very much for coming. It's good to see you again. I really appreciate your presentation today.

It is indeed a very exciting time of the year, with all the graduations that take place. I collected a few degrees in my own education career and loved every one of them, and attending those ceremonies.

One of the things I wanted to talk to you about and get your views on is the measure around reducing tuition fees, making post-secondary education more accessible, with the introduction of the 30%-off-tuition grant. Despite tough economic times and the fiscal situation, the government made the decision of continuing with that particular tuition grant. Your views, from the point of view of universities, on that grant and whether it's going to help attain higher post-secondary levels within our universities or not?

Ms. Jennifer Grass: Students certainly appreciate this, and I think there is no doubt that there's a higher awareness of universities and the opportunities or the access point for students as a result of it. I think that when you're young the sticker shock may seem a bit challenging, and so there's no doubt that the optics of that have been improved by this. I think that there is a recognition, hopefully, that the ROI on a university education is worth the cost, and over the long term we hope that that will resonate with students.

Mr. Yasir Naqvi: Very good, thank you.

The other question I wanted to ask you is around your organization's suggestion as to what else universities can do to control and manage rising post-secondary costs.

Ms. Jennifer Grass: As I said, this is a priority of every meeting that is held by all of our various affiliates—how can we do that?—and there are many working groups that are looking at different methods to achieve that, both on an institutional basis and a collective basis. I feel very strongly, though, that we have a very strong track record in this regard already. We know that it's the right thing to do. We are already keeping our administrative costs as a percentage of operating costs well under 5%, and they are lower now than they were in 2003-04. I think that speaks volumes. We will continue to keep a keen eye on that, but I think that is a very strong statement of both our commitment and our track record in being able to do it.

Mr. Yasir Naqvi: Great.

Chair, MPP Wong would like to ask a question.

The Chair (Mr. Bob Delaney): Okay.

Ms. Soo Wong: Thank you for coming to speak to us today. I have a quick question. The previous speaker talked about the concern about the aboriginal population accessing post-secondary education. My question to you, through the Chair, is: What is it that universities are doing in terms of encouraging and supporting the aboriginal community to bring them into post-secondary education, particularly at the university level?

Ms. Jennifer Grass: One of the things, as I indicated earlier, is that we know that parental background and cultural attitudes are now actually the prevailing obstacle we need to overcome. As a result of that, university recruitment efforts are now starting much lower. Instead of introducing students to universities in grades 11 and 12, which has been customary, we are now going into aboriginal schools much earlier. We were focusing on grades 8 and 9; we are now realizing that a sort of trend is set much, much earlier, that we need to be able to help students in grade school, 5 and 6, see themselves in post-secondary education in order to really have them be successful in moving on to post-secondary. So it's making sure that we reach down much further. Those are the individual university efforts with aboriginal groups that are near to them.

The COU also has been having discussions with the Ministry of Training, Colleges and Universities and the Ministry of Education around this, because it seems that there's an opportunity to have a kind of coordinated approach whereby we may look at outreach to a much lower educational level in order to create awareness—

The Chair (Mr. Bob Delaney): And that about sums it up. Thank you very much for your time this morning and for coming in to offer your thoughts.

EARTHROOTS

The Chair (Mr. Bob Delaney): Our final presentation for the morning is from Earthroots: Josh Garfinkel. Nice timing.

Mr. Josh Garfinkel: Yes. I just got in.

The Chair (Mr. Bob Delaney): Catch your breath.

Mr. Josh Garfinkel: Yes. I cycled here, so I'll take a second.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to offer your remarks, followed by up to five minutes of questioning. This round of questioning will come from the opposition. Begin by stating your name for Hansard, and continue.

Mr. Josh Garfinkel: My name is Josh Garfinkel, and I work for Earthroots.

Good morning, committee members. I'd like to thank you for the opportunity to speak in this forum. I'm representing Earthroots. We're a not-for-profit environmental group dedicated to protecting Ontario's wilderness, wildlife and watersheds through research, education and action. We act on behalf of 12,000 supporters, and we empower thousands of Canadians each year to advocate for stronger environmental protection. I sincerely hope that our comments on Bill 55, Strong Action for Ontario Act (Budget Measures), will be taken into consideration in amending this bill.

It's imperative that schedules 15, 19, 23, 34, 58 and 59 are removed from this bill. Earthroots has well-founded concerns about the implications this bill has on Ontario's vital natural resources. It is our submission that if the bill passes without proper public consultation, there will be even greater strain on our invaluable ecosystems, and citizens' rights will be undermined, as Bill 55 circumvents the Environmental Bill of Rights, the EBR, an essential component in the process of public consultation in Ontario.

The costs of biodiversity on a global scale are incalculable. Globally, we're experiencing species extinction at a faster rate than ever before, and Ontario is no exception to this increased rate. This province is home to more than 200 endangered species, having more species at risk than any other province.

Bill 55 makes substantial changes to six very important environmental laws: the Endangered Species Act, 2007—Bill 55, schedule 19; the Provincial Parks and Conservation Reserves Act, 2006—Bill 55, schedule 58; the Crown Forest Sustainability Act, 2004—Bill 55, schedule 15; the Public Lands Act—Bill 55, schedule 59; the Fish and Wildlife Conservation Act—Bill 55, schedule 23; and the Lakes and Rivers Improvement Act—Bill 55, schedule 34.

The implications of the proposed changes to the policies cannot be overstated. Today, I'd like to talk about two of these policies, both of which Earthroots was involved in lobbying for.

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I'd like to address schedule 19, amendments to the Endangered Species Act, 2007, the ESA. The process of revising Ontario's ESA entailed extensive public consultation and expert opinion from leading scientists and lawyers on what was needed to ensure that species at risk survived and recovered in Ontario. The legislation received a lot of praise, as it included science-based listings of species, mandatory habitat protection, manda-

tory recovery planning and strong support for stewardship. The fact that all three major political parties showed their support in passing the ESA is now being completely undermined by the proposed schedule 19 amendments. If this schedule is not removed from the bill, Ontario will severely contradict its promise to improve and restore biodiversity and critically dilute mandatory habitat protection and mandatory recovery planning.

These amendments include:

- significant expansion of the government's power to exempt non-commercial activities on private lands "within 50 metres of the person's primary residence or in any other area prescribed by the regulations";

- extension and/or removal of deadlines to complete recovery strategies and government response statements—that's section 2; and

- removal of the legal tests in section 18 of the ESA, which allows development to proceed that will harm a species or its habitat.

Those tests require: (1) action to provide an overall benefit to these species; (2) consideration of reasonable alternatives—example: "Could the activity proceed in a different location, at a different time or in a different manner that would not harm the species or its habitat?"; and (3) mitigation of adverse effects.

These amendments will have grave consequences on the effectiveness of the ESA. When considering the exponentially high rate of biodiversity loss, these amendments prove to be even more unacceptable.

The other component to this bill that I would like to focus on is schedule 58, amendments to the Provincial Parks and Conservation Reserves Act, 2006. Management plans are critical tools that ensure that the objectives of the parks are incorporated during the process of implementing land use decisions. These plans also help to assess what land uses are appropriate and ensure that new activities or developments are congruent with the long-term management of the area.

The proposed amendments will remove the legislated time frame to produce management plans for protected areas, will remove the requirement to examine whether management plans need to be reviewed and will reduce the number of required opportunities for public consultation when plans are amended. These changes are at odds with our government's ability to effectively manage Ontario's park system. Parks are vital sanctuaries for the remaining wildlife in Ontario.

In a time of limited resources, legislated timelines are needed to ensure that plans are produced and updated to reflect the best and most current knowledge about the management of protected areas. Without management plans, park staff will not have clear direction on how to balance ecological protection and visitor use with decisions about road building, commercial operations and other potentially damaging activities.

These changes will also result in less transparency as well as less public scrutiny and oversight. With respect to public participation, it is my submission that the

proposed amendments be brought forward in a separate process with EBR notice and consultation. Failure to do so completely contradicts any claims to provide transparent and accountable government.

The EBR provides an essential framework for public participation. It allows the public to participate in the decisions that impact all residents of Ontario. Bill 55 poses a barrier towards the public's right to participate in environmental decision-making by circumventing the statutory process for public consultation that is normally guaranteed under the EBR. Typically, proposed amendments to environmental legislation are posted for a minimum of 30 days on the EBR to solicit public comments. The government then considers these comments and makes the decision, which it also posts. However, the Ministry of Finance is not prescribed under the EBR, and Bill 55's schedules are not posted for public comment. The public has thus been denied the opportunity to review and comment on significant changes to environmental law as described above. It is Earthroots' submission that any revisions to these acts should be part of a process separate from Bill 55.

In closing, we have well-founded concerns about the government's proposed changes to very important pieces of environmental legislation, pieces of legislation that the public lobbied in a steadfast manner for. If enacted, these changes will open up the doors for unregulated developments, further fragmenting habitat and negatively impacting species.

Earthroots contends that schedules 15, 19, 23, 34, 58 and 59 should be removed from Bill 55. The measures currently being deliberated will significantly undermine the provincial government's ability to sustainably manage Ontario's forests, watersheds and wildlife. There is an intrinsic link between healthy ecosystems, healthy economies and healthy communities. It is our hope that when considering the weight of these proposed amendments, you share our view and do your part to help conserve Ontario's biodiversity. If the committee members are not willing to remove schedules 15, 19, 23, 34, 58 and 59 from Bill 55, then we urge you at the very least to make the priority amendments to these schedules recommended by Ecojustice in their recent analysis. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Shurman.

Mr. Peter Shurman: Thank you, Josh. I appreciate your appearance here. I represent the opposition, the Progressive Conservative Party, as you know. We're not voting for Bill 55 to begin with, but we are participants in the process here in terms of amendments. We're interested in the six schedules that you cite, as you are, because we feel that oversight is essential. However, I think it's safe to say we're not as strong as you are on the fact that they should necessarily be withdrawn.

I'm interested in your reaction with regard to some of the aspects of the legislation, where we say—I don't apologize for them that they're going to do what they're

going to do. I see the elements of the schedules as being more towards the housekeeping side than towards an affront to environmental concerns. In other words, I have read the bill in full, obviously, and I conclude that what they're trying to do is make things a little bit easier to administer in line with the budgetary provisions that they brought in, as opposed to threatening environmental legislation to the extent that, quite frankly, you and a number of other people who have appeared before this committee seem to feel is the case. Can you react to that? I mean, you already have in your presentation, but amplify a little bit more for me. If there's no change in what is contained in Bill 55, but there are some provisions for oversight, could you feel somewhat more satisfied?

Mr. Josh Garfinkel: That's a good question, but a complicated one. It really depends on what those provisions are. Not to be so vague in my response, but it's hard to effectively answer that question without knowing what these provisions are.

I really think that the proposed changes are more than just about administering. I think there are essential elements to legislation—especially the Endangered Species Act. It was considered the gold standard for environmental protection in Ontario and, in some people's perspectives, in Canada.

I think one of the things that my organization does effectively is act as a watchdog and kind of assess how policies are unfolding on the ground. We're already aware of budget cuts—budget cuts dating back over 20 years—to the Ministry of Natural Resources, the Ministry of the Environment. There are already issues of lack of implementation to do with—

Mr. Peter Shurman: Well, there are issues of how do you pay for everything, which they're wrestling with right now.

Mr. Josh Garfinkel: I understand that. It's a tough question, but I think these policies are so important and the proposed changes are so significant that they would essentially make these pieces of legislation ineffective. If you're talking about significant provisions, then we'd be interested in seeing them. But as the bill currently stands, and the amendments, they are very significant—

Mr. Peter Shurman: Talk to me for a moment about species. You're involved with this on an everyday basis; I'm involved in moving money around on an everyday basis and trying to reflect the concerns of not just you and your group, but everybody. That's a tough job too. I hear things, for example, like how we have a species here called the bobolink—not native to Ontario, but we have about a million of them. Because we have about a million of them, I hear from people who, for example, are legitimately trying to develop properties in line with the various legislative pieces that permit the development, who are held up for years because they might be in the flight path of the bobolink, a non-native species. What do we do about things like that?

Mr. Josh Garfinkel: I personally don't deal with non-native species in my job, but—I'm not sure what your

party's position is. Has there been discussion about providing incentives for landowners who have—

Mr. Peter Shurman: Well, we have discussions like that all the time because people approach us. The reason that I bring it up is because—and I'm saying this in the nicest way—you throw words like “endangered species” around, and I'm hard put to understand what is and what is not an endangered species. It sounds to me like that bird isn't endangered.

Mr. Josh Garfinkel: But the vast majority of the endangered species are native species. To be fair, it's a good example, but it's more of an isolated example or an example that's in the minority. I know the bobolink—

The Chair (Mr. Bob Delaney): I'm sure you gentlemen can pick up this discussion offline.

I thank you all for your time and your effort in coming in on this lovely Friday morning, and to you, sir, for having made your presentation.

Just two little notes for our committee members: The clerk advises there is no need for a subcommittee meeting, so there's no need to have your Chair try to schedule one at 6:15 in the morning or anything like that on a Monday.

We will next reconvene at 9 o'clock Monday morning, right here in room 151. This meeting is adjourned.

The committee adjourned at 1152.

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Lundi 11 juin 2012

Standing Committee on Finance and Economic Affairs

**Strong Action for Ontario Act
(Budget Measures), 2012**

Comité permanent des finances et des affaires économiques

**Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)**



Chair: Bob Delaney
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 11 June 2012

Lundi 11 juin 2012

*The committee met at 0901 in room 151.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012
LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): Good morning, everybody. I hope we all had good weekends. We are here to resume consideration of Bill 55. Before we get under way, I have just a little housekeeping reminder. I'd like to remind committee members that pursuant to the order of the House dated May 31, 2012, the deadline to file amendments with the committee clerk is tomorrow, June 12, at 6 p.m.

MR. DAVID CLEMENS

The Chair (Mr. Bob Delaney): Our first presentation today is from David Clemens. Take a seat anywhere, David; they're all the same. Good morning. It's nice of you to come in nice and early and get us started. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation this time begins with the official opposition. Please begin by stating your name for Hansard and then continue.

Mr. David Clemens: My name is David Clemens. Good morning, ladies and gentlemen. Thank you for this opportunity to speak on Bill 55.

I am an ordinary citizen taxpayer with no vested interest, other than a desire to live in a just, equitable society. I do not claim to be an expert. My knowledge and awareness come from having been interested in the issues of poverty and income inequality, and I've made a few presentations to groups within my church community based on my readings from various sources.

To set the stage for my comments on Bill 55, let me first provide a bit of background. There is a great deal of research which indicates that societies that are more equitable experience lower rates of violence, drug abuse, mental illness and imprisonment, and higher degrees of

child well-being, educational attainment, good physical health and social mobility.

During a four-year experiment in Dauphin, Manitoba in the 1970s, low-income residents were lifted and kept out of poverty using a negative income tax. Analysis indicates that during this period, there were lower rates of hospital admissions, fewer accidents or serious injuries, a lower high school dropout rate, fewer arrests and convictions, and fewer consultations for mental illness. Of special interest is the fact that people did not stop working or reduce their hours to get "free money" from the government. It is obvious that everyone, in all socioeconomic levels, benefits from greater equality.

There have long been biases against the poor, and perhaps this makes it more politically difficult to ease the financial burdens of the poor and the less fortunate members of society. Senator Hugh Segal has stated, "Based on the current allowances provided by the welfare system, I ... refuse to accept that people purposely choose to avoid employment in order to subsist on such a paltry income ... [I]ndividuals who turn to welfare do so as a last recourse. Whether the situation is the result of abuse, job loss, lack of education or training, addiction or single-parent households, our duty as Canadians and human beings is to guarantee an income that allows people to provide for themselves and their families while affording them a level of dignity that boosts confidence and inspires hope." That's the end of the quote from Hugh Segal.

Numerous studies show that those most at risk of living in poverty are children—one in seven in Ontario—lone parents, single female seniors, recent immigrants, racial minorities and people with disabilities. In Ontario today, a single individual depending on social assistance receives approximately 60% below the poverty line. A lone parent with two children receives approximately 40% below the poverty line. As we know, food bank usage is at its highest level ever.

Given that these conditions are unacceptable in our otherwise affluent society, how could the government move toward a society with greater equality, ensuring a basically decent quality of life for all?

In the short term and with reference to Bill 55, it could decide not to proceed with the proposed freeze on social assistance payments. As we know, although in recent years the government has raised these payments incrementally, after being adjusted for inflation, they have still not reached the level at which they were before

the drastic reductions in 1995. And they are still way below what is actually needed to experience a basic quality of life in Ontario. It should be recognized that social assistance payments are a form of economic stimulus, as all of the money paid out goes back into the economy very quickly.

With reference to schedule 66 of Bill 55, while the Ontario child benefit has, in fact, had a beneficial impact on a portion of families with children living in poverty, much more needs to be done. The originally announced increase to \$1,310 per month should be implemented this year rather than deferred.

Another step that could be taken would be to immediately institute a \$100-per-month healthy food supplement for those on social assistance. As we know, the vast percentage of a social assistance recipient's income goes to housing costs, with very little remaining for food.

In the longer term, the government needs to take a hard look at the revenue side of the budget. In recent years our "progressive" taxation system has become much less progressive. The provision of schedule 67 of Bill 55 is a step in the right direction, but more needs to be done. I would like to recommend that Mr. Don Drummond or someone of equal capability now be asked to look at the revenue side and to make recommendations on how the government could generate the revenue needed to meet the needs of all our citizens, including especially those most impoverished.

There may be some hope in the forthcoming recommendations of the social assistance review committee, if it is able to simplify the complex regulation structure and to eliminate the so-called welfare wall that makes it difficult for those on social assistance to move to employment, even part-time.

Other measures that should be considered in the future are a further increase in the minimum wage so that a person working full-time would have an annual income at or above the poverty line. Also, a housing benefit for low-income Ontarians would help them to deal with the high cost of housing.

These are my personal observations based upon my interest in these areas. It should be acknowledged that there are many groups, both faith-based and secular, that are concerned about reducing poverty and income inequality. A few of these groups that I have found to be conscientious and dedicated are: Poverty Free Ontario, Voices for a Just Society, the Interfaith Social Assistance Reform Coalition, Campaign 2000, 25 in 5, Leadnow, Avaaz, the Canadian Centre for Policy Alternatives and the National Council of Welfare.

I thank you for your consideration.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. McNaughton.

Mr. Monte McNaughton: Well, thank you very much for coming here this morning. I have a question, and then my colleague Mr. Fedeli does as well.

As you know, the Ontario government is currently spending about \$1.8 million more per hour than it's taking in in revenue, faced with a \$16-billion deficit and

a debt that could be headed toward \$411 billion if drastic action isn't taken. Considering that and what you're talking about in your presentation, how would you recommend that the government balances the books and deal with issues that you've put forward?

Mr. David Clemens: As I mentioned in my brief, I really believe a hard look needs to be taken at the revenue side.

Just as an aside, I have in my pocket—I wasn't sure I should wear this. It says, "Tax me—end poverty." A group at our church produced these little buttons, and we wear them around.

Thinking of the city experience, when drastic cuts were being proposed, we had to find \$100 million out of the city budget somehow.

Many, many people spoke to city council saying, "We want and need the services that the city provides, and we're willing to pay more tax to get them."

0910

I'm not saying just tax the rich to find more money, but I am saying there must be some other revenue sources available, and that includes individuals paying a bit more in order to meet the needs of our fellow citizens.

Mr. Monte McNaughton: So would you have any idea which taxes should be increased and by how much?

Mr. David Clemens: I haven't gone into the details of that. Mr. Don Drummond seems to be a very reputable person. He's given a lot of thought to the spending side. I think he or someone else could easily give more thought to how we increase the revenue so that we can in fact meet the needs of our citizens.

Mr. Monte McNaughton: Thank you. Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Mr. Clemens, for appearing here today. It's not an easy thing to do, and we appreciate your opportunity to come here today and speak to us.

My question is going to be about revenue, and it ties into what you just finished saying. In your fourth paragraph you say "the government needs to take a...look at the revenue side of the budget" and you recommend that Don Drummond, or someone of that equal stature "be asked to look at the revenue side, and to make recommendations on how the government could generate the revenue needed."

My question to you is, would it be a surprise to you to know that eight years ago our revenue was \$65 billion and, today, our budget is \$125 billion? We would contend that we don't have a revenue problem, we have a spending problem. Would that \$65-billion-to-\$125-billion change in only eight years come as a surprise?

Mr. David Clemens: Not particularly. Not being an economist, I'm not prepared to deal with all the issues such as gross national product and so on, but if you look around you, the province of Ontario, despite the fact that relative to other provinces we seem to be having more difficulty, there is a lot of affluence here. I believe, really, something needs to be done to create greater equality.

Mr. Victor Fedeli: You and I may not disagree on that one at all, but I contend that it's not a revenue prob-

lem, as you outline in your fourth paragraph; it is absolutely a spending problem.

Mr. David Clemens: I think there have been some deliberate decisions made to reduce the income of the government by giving tax cuts in many places, but also I think worldwide there is some consideration of new forms of taxation, such as taxation on very large financial transactions, for example. If that could in fact take place, it would help governments all around the world and, ideally, it could help the Ontario government.

Mr. Victor Fedeli: Again, thank you so much for being here today. Your time is much appreciated.

Mr. David Clemens: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation.

Our next presentation is the Ontario Association of Career Colleges, Frank Gerencser, Sherika Alexander.

Mr. Frank Gerencser: Good morning, gentlemen. May I ask your indulgence? Our student, Sherika Alexander, has never been to Queen's Park before and is learning the chagrin of parking problems. She's only about five minutes away. If the 9:30 is willing to switch with me—is that all right, Chair?

The Chair (Mr. Bob Delaney): If that's fine with you, we have no trouble with that at all.

Mr. Frank Gerencser: Thank you.

ONTARIO FEDERATION OF ANGLERS AND HUNTERS

The Chair (Mr. Bob Delaney): The Ontario Federation of Anglers and Hunters, Terry Quinney.

Good morning. Make yourself comfortable. If you've been here for a few minutes, you'll know the ground rules. You have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Just introduce yourself for Hansard and proceed.

Mr. Terry Quinney: Thank you, Mr. Chair. My name is Terry Quinney. Good morning. On behalf of the Ontario Federation of Anglers and Hunters, its 100,000 members, subscribers and supporters and 675 community-based clubs, thank you for the opportunity to address Bill 55, the Strong Action for Ontario Act, 2012. I am the provincial manager of fish and wildlife services for the Ontario Federation of Anglers and Hunters.

The Ontario Ministry of Natural Resources now has legislative responsibility for 46 pieces of legislation, but the Ontario government provides only one half of 1% of its provincial budget to the MNR—half of one cent on every dollar spent, as Environmental Commissioner Gord Miller reminds us. Bill 55 will further reduce the MNR budget by \$86 million.

Amendments are proposed by the Ontario government, through Bill 55, to six acts of great importance to the Ontario Federation of Anglers and Hunters, because each of these six acts makes important contributions to fish and wildlife conservation in Ontario.

For example, in schedule 15 of Bill 55, the Crown Forest Sustainability Act has proposed amendments. The Crown Forest Sustainability Act helps ensure that wildlife habitat is supplied by forestry activities and access by the public to crown forest resources, such as fish and wildlife, is supplied.

Schedule 23 proposes 14 changes to the Fish and Wildlife Conservation Act. The full title of the Fish and Wildlife Conservation Act is An Act to promote the conservation of fish and wildlife through the revision of the Game and Fish Act.

Schedule 34 proposes amendments to the Lakes and Rivers Improvement Act. The purposes of this act provide for the management, perpetuation and use of fish, wildlife and other natural resources dependent on lakes and rivers.

Schedule 59 proposes changes to the Public Lands Act.

On April 10, 2012, we wrote to the Ontario Ministry of Natural Resources asking them to further explain the rationale/motivation for the legislative amendments proposed for the Fish and Wildlife Conservation Act, the Lakes and Rivers Improvement Act, the Provincial Parks and Conservation Reserves Act, the Crown Forest Sustainability Act, the Public Lands Act and the Endangered Species Act. We also asked the MNR to indicate to us the nature or types of regulations that will result from each of the act amendments, and describe for us the implications of the legislative changes for fishing, hunting, access to fishing and hunting, and fish and wildlife management.

On May 31, 2012, we received answers to some of our questions from the MNR. For example, "Under the Fish and Wildlife Conservation Act, we are proposing amendments that would allow a reduction in the number of authorizations and licences that are required and instead set standards that individuals or organizations would need to meet."

On June 4, 2012—I believe that was a week ago today—we received additional answers from the MNR to some of the questions we asked in our April 10, 2012, letter to them.

For each and every amendment proposed in schedules 15, 19, 23, 34, 58 and 59, we have three specific questions for the Ministry of Natural Resources. Firstly, what is the intent of the proposed change? Secondly, what functional change will result from the proposed amendment? Thirdly, what might the future associated regulation or regulations look like as a result of the proposed amendment?

With answers to these questions, we would have been able to tell you and the government whether we agree with all of the proposed amendments and can support the government proposals, whether we disagree with some of them and why, or whether alternative wording to some proposed changes would be advised. Perhaps you would consider asking these questions.

0920

At this time, we do have one additional amendment to propose for schedule 15, that is, the Fish and Wildlife

Conservation Act. Earlier in this presentation to you, I referred to the full title of the Fish and Wildlife Conservation Act as “An Act to promote the conservation of fish and wildlife through the revision of the Game and Fish Act.” Surprisingly, no definition is given for “conservation” in the act despite the inclusion of a definitions section in the act which provides over 40 definitions.

We are requesting that the following definition of “conservation” be incorporated: “Conservation is the protection, use and management of natural resources to supply benefits at optimal sustainable levels for present and future generations of Ontarians.”

This proposed amendment could simply be added to the definitions in the Fish and Wildlife Conservation Act which occur in part I, which is “Interpretation and Application.” This addition of a conservation definition would be an important enhancement to the existing legislation, because it provides a unifying purpose to the act.

It should also be a welcomed enhancement because previously, all three provincial parties—the Ontario Liberals, the Progressive Conservatives of Ontario, and the Ontario New Democratic Party—have all endorsed and supported this definition of “conservation,” which I have provided to you.

With that, I thank you very much for listening to me.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: Yes, a couple of questions: First of all, is this usual that the government or MNR or, I don't know, whoever you were writing to sort of ignores your questions? I think you were looking for detailed answers and you got vague generalities.

Mr. Terry Quinney: I've been with the Ontario Federation of Anglers and Hunters—this is my 24th year. I've never encountered a situation in my professional career where so many pieces of legislation of importance to fish and wildlife conservation in the province have been rolled into an omnibus bill. As a result, we are told by the staff at MNR that they are not allowed to describe the details of the act and answer the questions we had posed until the legislation is passed.

Mr. Michael Prue: I am quite worried, actually, about MNR. There was a time not too many years ago that MNR made up about 5% of the total provincial budget and now it's down to half of 1% and is about to be reduced some more. How does this bode for fish and wildlife protection in Ontario? There can't be as many enforcement officers; there can't be as many programs; there can't be as many restockings of lakes. None of this is possible without resources.

Mr. Terry Quinney: We have been told flat out that for MNR this budget will result in fewer people, fewer MNR locations and fewer MNR programs.

What I would emphasize to the committee and the government is that fish and wildlife management related to fishing and hunting in this province makes money for the province and creates jobs. In fact, we continue to try and convince the Ontario government that investments in fish and wildlife management return very substantial and significant returns to the province.

My recollection is that several years ago, MNR themselves did a study just on this topic with reference to their fish and wildlife programs. If memory serves me, the return for every government dollar invested was \$21. Now, ladies and gentlemen, if I had a bank account that returned \$21 on every dollar invested, boy, would I ever be happy.

The point is that renewable natural resources like fish and wildlife can create wealth, can sustain jobs and can sustain a green economy, but collectively, we need to sufficiently invest in those renewable natural resources in order to realize those returns, in order to realize those benefits to people and society.

Mr. Michael Prue: The \$86 million that's being cut—obviously, you'd like to see that restored or at least not cut. Any ideas on where that money might come from? This is a finance committee; we always have to look at the broad financial picture. The government is \$15 billion in deficit. I think they're cutting in the wrong place, but any thoughts on where that money might come from?

Mr. Terry Quinney: Well, thank you for the question. If I could perhaps try to answer it in several parts. In the case of fish and wildlife management and the Ontario Ministry of Natural Resources budget—

The Chair (Mr. Bob Delaney): You'll have to answer it very succinctly.

Mr. Terry Quinney: —a significant portion of the MNR budget is already provided directly from hunting and fishing licence revenue fees from anglers and hunters. If memory serves me, about 75% of the current MNR budget is directly a result of angling and hunting licence revenues to the government. You can see already that anglers and hunters, for example, pay a significant portion of all fish and wildlife management in the province—

The Chair (Mr. Bob Delaney): Thank you. I'm sorry, I'm going to have to cut you off there. Thank you very much for having come in today and for making your presentation.

ONTARIO ASSOCIATION OF CAREER COLLEGES

The Chair (Mr. Bob Delaney): Our next presentation is from the Ontario Association of Career Colleges. Good morning again.

Mr. Frank Gerencser: Good morning.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your presentation this morning, followed by up to five minutes of questioning. This rotation, the questioning will come from the government side. Please begin by stating your name for Hansard and proceed.

Mr. Frank Gerencser: Thank you, Bob. I look forward to finding some good fishing tips from Terry about where I should actually invest some of my money.

Good morning. My name is Frank Gerencser. I'm a director on the board of the Ontario Association of Career Colleges. With me is Sherika Alexander, a student

of Access Business College, funded by the Second Career program and graduating this Friday, I've just learned. We represent the Ontario Association of Career Colleges.

Career colleges are an important part of Ontario's educational landscape and have been for over 140 years. OACC is a non-profit organization that was established in 1973 to provide a voice for private career colleges and to promote a healthy private career college sector. The OACC is a partner with the National Association of Career Colleges, which was established in 1896.

There are over 600 private career colleges in Ontario—I would say that there are several in each and every one of your ridings—which train approximately 65,000 students each year. The 270 OACC member colleges deliver high-quality education and represent approximately two thirds of all the students in career colleges in Ontario.

Career college students have a graduation rate of 80%, and approximately 80% of all career college graduates are employed within six months of graduation. The career college sector in Ontario employs 12,000 people and, since this is a revenue committee, pays \$94 million in taxes annually. This does not include the income taxes paid by or for the working graduates who go to our schools.

Career colleges receive no direct government funding, although students attending career colleges access a variety of government funding programs such as OSAP, Second Career and WSIB retraining programs. Unlike community colleges, our capital costs for infrastructure and equipment are funded from operating revenue, not from grants.

Today, I would like to speak about four items that are included in the budget: the Second Career program; the Ontario tuition grant; strengthening apprenticeships; and MTCU's three-year target in cost reductions to \$121 million.

0930

I'd like to invite Sherika Alexander, who is a student at Access Business College, to speak about her experience with the Second Career program. Sherika?

Ms. Sherika Alexander: Good morning, everyone. My name is Sherika Alexander. I'm a single mother of four kids and also two siblings I took from my mum who I'm legally responsible for.

After losing my job, it became very stressful in my life. I got help from EI for one year. With little or no income, it's very hard to process and position yourself. With no income and no job, it landed me in the shelter with my four kids and my two siblings. Because I could not pay my rent or buy food, I started stressing a lot, with the result that I ended up with high blood pressure; I got sick. I found out I have thyroids, which now I'm on lifetime medications for. Last year, I was diagnosed with cervical cancer, and when I was about to go into surgery, they ran some other tests and it was gone, which is a good thing. Because of all that I went through, I've always wanted to go to school. I got help from Second

Career, which I'm very thankful for because I couldn't pay it off on my own. Now I'm in college doing a business course. This helped me and also it will help my kids in the future.

As I always say, if I can do it with four kids and two siblings, anyone can do it. There shouldn't be any stress in pushing yourself to get up and do it. We should just get up and do it, because it's something that will help in the long run.

I chose Access college because, after explaining my situation, they helped me a lot, and I applied for the Second Career, for which, as I said before, I'm very thankful, because I couldn't afford anything on my own. There's no need to push yourself. You just get up and get, because it pays off in the long run.

I just want to thank the OACC and the government for putting Second Career in place, because it not only helped me, it helps a lot of people out there. Thank you.

Mr. Frank Gerencser: Thank you, Sherika. Based on the success from Sherika and thousands of other students, we support the government's commitment to maintaining funding of \$251 million in 2012-13, as outlined in the budget.

The Second Career program, however, is not perfect. There are some errors in the Second Career policies that deny students from being able to take their first choice. They effectively force them to go to a community college program, even though their first choice would be a career college where there would be more students like them. Some community colleges are now offering similar programs in the same accelerated format as career colleges, with full funding, up to \$28,000, from the Second Career program, while students are limited to a \$10,000 tuition cap at career colleges. Students are being denied a choice in their education, even though they would prefer the smaller, more supportive environment offered by career colleges.

We recommend that the tuition cap be raised and applied universally, both to community colleges and career colleges. Let the students choose what they feel is the right school for them. Overall, however, the Second Career program is very valuable. It works. It puts Ontarians back to work, helping Ontarians re-enter the workforce in new careers.

The second point is the Ontario tuition grant. The new Ontario tuition grant is currently available only to students who attend publicly funded institutions. We don't believe that students who choose a career college should be disadvantaged from this opportunity to receive this grant. We look forward to working with MTCU to ensure that all students attending OSAP-eligible institutions are able to access the Ontario tuition grant.

Third, strengthening apprenticeships: The budget states that measures will be taken to redesign the Ontario Youth Apprenticeship Program and the pre-apprenticeship program to enhance their effectiveness. There is currently a great deal of high-quality pre-apprenticeship training that is being conducted at career colleges that is valued by the employers but not recognized by the

current apprenticeship system. We support initiatives to enhance the effectiveness of the apprenticeship pathways and look forward to working with MTCU and the Ontario College of Trades to ensure that training completed at career colleges is recognized by the apprenticeship system so students do not have to re-do training that they've already completed.

And last, MTCU cost reductions of \$121 million over three years: We recognize the fiscal constraints of the government and look forward to working with the Ministry of Training, Colleges and Universities to assist them in meeting the budget target savings of \$121 million through efficiency enhancements, while ensuring the highest quality of education for students.

You may not know this, but the total cost to the taxpayer of a career college graduate is less than \$4,000, whereas the total cost to the taxpayer of each community college graduate is over \$30,000. Career colleges deliver a high-quality education in an efficient manner that helps Ontarians get jobs. Our programs are rated equal when you look at things like the Law Society of Upper Canada, where the programs are accredited whether public or private. Overall, taxpayers save \$26,000 for every student that's trained in a career college.

The career colleges sector can assist the government in the goal to enhance productivity, to support efficiency and support quality education for students. We look forward to working with MTCU to achieve this goal. We also look forward to working with MTCU to reduce the unnecessary red tape within the ministry to allow career colleges to get more Ontarians back to work in this fast-changing economy.

Thank you very much for your time. OACC would be pleased to discuss the budget further in the Standing Committee on Finance and Economic Affairs. We look forward to working in partnership to ensure that the education of the changing workforce is met.

I'd like to thank those of you who were able to make it to our Queen's Park day last month. I really appreciated that. And if anyone would like to see a career college, I'd be pleased to arrange a private tour for you over the summer when you're back in your riding.

The Chair (Mr. Bob Delaney): Thank you, Frank. Mr. Naqvi.

Mr. Yasir Naqvi: Frank, thank you for your presentation. I want to also thank Sherika for your presentation and your courage in terms of going back to school and studying for a new career. I really appreciate you doing that.

I was recently at a graduation ceremony in my riding of Ottawa Centre, at Willis College, which has been operating for some time, and there were a lot of stories of courage like yours. There was a lady, 65 years old, who's gone back to college and was just back engaged in the community, and it was great to see that.

I wanted to ask either Frank or Sherika about the Second Career program. By all estimates, would you agree that it's been a big success in terms of helping people reintegrate back into the workforce?

Mr. Frank Gerencser: On a big picture, I would absolutely say it's been a big success. There's a very high placement rate that's over there, a very high percentage of the students who are finding work. I don't believe that the Second Career program is a partisan issue at all. I think this is something that all of us, all Ontarians and all parties, should be able to support. I think it's an excellent program. Sherika is a testimony to it in her own personal case.

Mr. Yasir Naqvi: Do you agree with the changes that were made? I think there's been now sort of two versions. There was the first version of the Second Career program that came out and there was what I call the 2.0 version that came out, where we made some more changes and tried to accommodate more people who could participate in terms of criteria in the program. Were those in the right direction?

Mr. Frank Gerencser: They're in the right direction, but there are a few parts that are misguided. Right now, if you're an individual and you want to be funded through Second Career, you have to go to a community college to explore it, which is fair so that you understand both sides of what's there. But many people are being strong-armed into going there and the funding cap is biasing the system.

A specific example: Conestoga College has an \$18,000 networking program, which I would assume is a cost-recovery program, which says that \$18,000 is the real cost of running a full-time, one-year, high-intensity networking program. We offer a similar program in a similar period of time and have done for a dozen years, except students can only get \$10,000, so they have to get a shorter program through us. That's unfair. Students feel they have no choice and they're being strong-armed into going to a community college.

As I pointed out earlier, it's \$26,000 in savings for every student who goes to a career college versus a community college. You could save money for your taxes and your grant money and your budget by simply letting the students choose. I don't say force them to privates, but don't force them to publics either.

Mr. Yasir Naqvi: Okay. Those are good suggestions.

I also wanted to just quickly ask you—one of the stated policy goals that the government is working towards is having one of the highest post-secondary education attainment rates. Any specific recommendation from the perspective of career colleges as to how we can meet that stated policy goal?

Mr. Frank Gerencser: There are many different facets of what we've got. I have an 18- and a 19-year-old in post-secondary as well, so I'm personally involved in the whole system that's here. The biggest thing you can do is unleash us. There are so many good schools.

You saw Rima in Ottawa at her graduation. She's been in business for 120 years. She's had it for about 20 years herself. There are so many great stories. I'm not sure how many of you have made it to a graduation. You really should; we'll invite you. By allowing career colleges to create new programs and reduce the red tape so that we can get new programs faster—the economy is changing

faster than a top can spin. We need to be able to react to those, and we can, and create the people to fill the new jobs that are needed right now. Work with us, unleash us, support us and we'll work with you.

Mr. Yasir Naqvi: Great. Thank you very much for your time.

Sherika, it was nice to meet you and thank you for coming and presenting.

Ms. Sherika Alexander: Thank you.

Mr. Frank Gerencser: Thanks for your time, everybody.

The Chair (Mr. Bob Delaney): Thanks, Frank.

0940

MS. ANNA WILLATS

The Chair (Mr. Bob Delaney): Our next presentation is Anna Willats. Good morning. Make yourself comfortable.

If you've been here for a few minutes, you kind of get the ground rules. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. In this rotation, your questions will come from the opposition. Please begin by stating your name for Hansard and continue.

Ms. Anna Willats: Hi, everybody. My name is Anna Willats, and I thank you very much for the opportunity to address the committee on the subject of Bill 55.

I'm a resident of Toronto, in the Annex. I've been a professor in the assaulted women's and children's counsellor/advocate program at George Brown College since 2000, and part of my work at the college has also included work with poor and marginalized women who have experienced violence and who are interested in pursuing training and employment in skilled trades. I've also done extensive community leadership training with Toronto-area drop-ins since 2007. Before coming to George Brown College, I worked as a counsellor and advocate at the Toronto Rape Crisis Centre for 17 years.

My work with women who have experienced violence and with people who have lived experience with psychiatric disabilities, poverty and homelessness has demonstrated to me time and again the vital role that economic and social supports play in enabling them to live their lives with safety, independence and dignity. If I had time today, I could tell you many, many stories about the difference that community supports—such as the community start-up fund, the Ontario child benefit, subsidized child care and housing, and bursaries and post-secondary training—have made. Women and their children have been able to leave abusive relationships and stay out of those relationships. People with psychiatric disabilities have been able to find meaningful volunteer and paid work in service to their communities. Youth have been supported to turn away from violence and toward post-secondary education, and on and on.

I am very concerned about the direction that Bill 55 is taking Ontario. As I believe you are aware, people on OW and ODSP have fallen farther and farther behind since the drastic Harris cuts of 1995, and despite small

increases over the last few years, they continue to fall behind. The proposed 1% increase to OW and ODSP, the cancellation of the community start-up fund, the delayed increase in the Ontario child benefit—I believe that these will continue this negative trend.

These actions will also undermine the gains that have been made through other positive provincial government programs and initiatives. You just heard about the Second Career program, for example. As well, I've worked for the last four years with the support of the Ontario Women's Directorate's domestic violence employment training projects. They've targeted funding to assist abused women to gain skilled trades training in preparation for employment and have helped many women to rebuild their lives after experiencing abuse. But these are the same women who will fall farther behind and who will find it harder and harder to escape violence and live independently if the child benefit increase is delayed, if access to the community start-up fund is ended—my students use that fund when they begin their job placements—and the rates of OW remain stagnant.

Research has clearly established that increased inequality leads to increased health and social problems in our society. We know that these problems fall disproportionately on the shoulders of women—particularly mothers—racialized peoples, the old and the young and on people with disabilities, leading to increased exposure and vulnerability to violence, poorer health outcomes and social unrest.

This is why Bill 55, and indeed every piece of policy and legislation that is brought forward for consideration by the government, should be subject to review through an equality lens that illuminates the possible impacts of all government policy and legislation on equity-seeking groups and proposes steps to reduce those impacts. The upcoming Ontario social assistance review is an example of the kind of review that should be incorporated into the budget process rather than being conducted separately and dealt with as an optional consideration.

On several occasions over the last few years, community organizations have challenged politicians to try to live for a day or a week or a month on the amount of money a person receiving social assistance or the minimum wage receives. While this is a valuable awareness-raising strategy, it's time to take real action to close the gap between those who make the decisions about income supports and rates and those who have to live with those decisions.

So here are my recommendations:

Please amend schedule 66 to reinstate the original increase to the Ontario child benefit and implement it this year. Immediately institute a \$100-per-month healthy food supplement for people on OW and ODSP, and include a provision that allows for future amendments based on the findings of the upcoming social assistance review committee in the fall, to be implemented where appropriate.

Amend schedule 67 to exempt from the Taxpayer Protection Act any tax change which would increase income

equality, and authorize a study similar to the recent Drummond report of current and potential revenue sources, including tax revenues, in order to reduce the large gap between those with the lowest incomes in Ontario and those with the highest. I believe that the provision authorizing an additional 2% tax on individual income over \$500,000 should be expanded to create a more progressive taxation system, beginning at individual incomes of \$125,000.

Amend schedule 38 to calibrate the base salary of a MLA to the average income of those with the lowest incomes in Ontario, namely those on the Ontario Disability Support Program, Ontario Works and in a job earning a minimum wage. I believe we can and should work towards the goal of ensuring that a MLA's base salary is no more than five times the amount of the incomes of the people who make do on minimal wage and social assistance by the next election.

Respectfully submitted. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Anna. I appreciate it, but I do want to make a comment. I'm really tired of hearing about the Harris cuts of 1995. You're here to talk to me about the Harris cuts, and everybody else—about the McGuinty cuts of 2012. That's what we're talking about, so let's be clear on that.

I want to tell you, I agree with your priorities. However, I don't set the priorities. The priorities are set by the people who authored the budget. Ultimately, that's who you're talking to. So you're concerned—as you clearly are, as am I—about the inequities that we find in marginalized people and groups in our society—women who have had all kinds of problems in their lives that maybe they didn't create, children, that kind of thing. You talk about healthy food, a \$100 supplement. I've taken that test about how much you can live on—you know, "Smartass MPP, can you do it?" I think we all have.

So I hear you loud and clear, but I want your reaction to priorities because you've given us some priorities, and we have a limited amount of money—I'm talking about the big "we," we in Ontario—to work with. This budget is \$125 billion in spending. That's almost twice as much as what Dalton McGuinty inherited when he took office in 2003. We contend that what we're dealing with here is not a revenue problem—there's plenty of revenue coming in—it's where it's going. I want your reaction to that.

Ms. Anna Willats: I'm happy to do so. First, I'll say I believe that the people on OW and ODSP are also very tired of hearing about the Harris tax cuts, as they are living with them. I am clear in the deputation that those cuts have not been addressed adequately by the McGuinty government.

Regarding revenue, I think that it is possible to re-establish a progressive taxation system—that has existed in this province—and to start making sure that the flat tax that currently people with high incomes enjoy gets addressed in some ways. So I believe that it is possible. I've said in my recommendations that one of the failures

of the Drummond report was that he was not allowed to look at revenues. I believe that he should have been allowed to look at revenues and that another report needs to be commissioned where we can look at possible revenues. I'm not enough of an expert on that.

Mr. Peter Shurman: That wasn't a failure of the Drummond report; that was a failure of the people who charged Mr. Drummond. He was quite willing to do it.

Ms. Anna Willats: I'm going to stay out of the partisan stuff, sir. I'm going to just say that it's really important for us to look at alternate sources of revenues. We have had a taxation system in this province and in this country that is progressive and that taxes corporations at higher rates.

We've been in a race to the bottom for corporate taxes, and I think that's the wrong way to go. I believe it was the NDP that made a good decision to target tax breaks and incentives to corporations to the creation of real jobs so that, when corporations ask for bailouts and ask for tax breaks, like Caterpillar did, like GM did, we see those things tied to real jobs created. For example, in Ontario there could be a requirement that any corporation that wants to do business with the Ontario government make a commitment to hire people that are being trained through the kinds of programs that I've been facilitating at the college for the last four years, and to have some kind of equity hiring. That doesn't bring in more money, but it does say to corporations, "We need to see you produce before we start giving you tax breaks and bailouts and then see you a few years later start to take those jobs out of Ontario." I think that's a real mistake—

Mr. Peter Shurman: Anna, the real truth—

Ms. Anna Willats: —and I think that—

Mr. Peter Shurman: I'm going to interrupt you only because there's five minutes for us to do Q and A. So if you want to keep speaking, that's fine, but I want to tell you something—

Ms. Anna Willats: I don't want to be lectured, sir.

Mr. Peter Shurman: I'm not lecturing you; I'm giving you a piece of information pertinent to what you said. There are offices in neighbouring states and neighbouring provincial jurisdictions whose target goal is to take companies out of Ontario and move them, and that's what they're doing.

0950

Ms. Anna Willats: And the race to the bottom, sir, benefits the corporations and hurts the people that I work with in colleges and that were just sitting here in front of you. That race to the bottom leads us right to the bottom, and so I think that we have to take a stand on that and say that we want corporate and wealthy individuals in this province who have a commitment to this province, not because they can get the best bottom line or take home the most of their money, but because they have a commitment to this province and a belief that Ontario is a wonderful place to live, as it has been and continues to be. But the race to the bottom is—where do we end?

Mr. Peter Shurman: Well, we share the view that this is a wonderful province and a great place to live. We think that we've been beset with some problems over the

past couple of years, some of them the making of the world, some of them the making of our own. Having said that, we have a progressive tax system, as I understand it. We have three rates and now, with the NDP's amendment for the \$500,000-plus earners, we have four levels of taxation. Do we need more?

The Chair (Mr. Bob Delaney): On that point, I'm going to have to step in—

Ms. Anna Willats: I believe that rate needs to come down to \$125,000—

The Chair (Mr. Bob Delaney): Thank you.

Ms. Anna Willats: I believe those people can afford to pay more.

The Chair (Mr. Bob Delaney): Order. Thank you. I believe I'm going to have to step in there. Thank you very much.

FILMONTARIO

The Chair (Mr. Bob Delaney): Our next presentation is going to be FilmOntario, Sarah Ker-Hornell.

Ms. Sarah Ker-Hornell: Good morning.

The Chair (Mr. Bob Delaney): Good morning and welcome. If you've been here for a few minutes, you kind of know the ground rules. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the NDP. Please begin by stating your name for Hansard and then continue.

Ms. Sarah Ker-Hornell: My name is Sarah Ker-Hornell. I'm the CEO and executive director of an industry consortium called FilmOntario. I know you have a package in front of you, but if you'll bear with me, I'd like to breeze through some of it.

First of all, I know that we've enjoyed tremendous support from across the House for our industry and I want to say thank you for that and thank you for this opportunity today.

FilmOntario is a non-partisan, membership-funded—we don't accept any government funding at any level of government—industry consortium for film, television and interactive video game companies and individuals within the province of Ontario. Established in 2003, we now directly handle about \$2.5 billion in direct economic activity annually in this province.

I don't really want to read every slide unless you would prefer that I do so. Is that comfortable? I'm not sure what the Hansard rules are.

If you go to slide 4, screen-based industries in Ontario are, just to be clear: for-profit businesses and corporations and businesses which engage in all activities directly involved in the development and production of creative products, screen-based content and services. So it's not an arts file; it's an economic development file. These companies develop, produce and market products whose value resides in their intellectual property rights, or IP rights. IP is something we in the content world use all the time, but most civilians are used to using it in the tech world. But do understand that content itself has

significant IP rights, and that's what we want to continue to build and harvest for Ontario.

Toronto, within Canada, is the centre of excellence for English content, housing the majority of the country's content producers, almost all of the country's broadcasters, and produces the vast majority of all Canadian content and the majority of domestic and service content combined.

Slide 5: From PwC's global outlook—so don't just believe me. They identify Canada's entertainment and media market to grow faster than the US from 2010 to 2014, and they identify us as number one among North America's top entertainment and media economies, ranking third in employment behind California—Los Angeles, specifically—and New York.

The Ontario Ministry of Tourism and Culture in 2010 did an analysis, and their data states that the creative industries in Ontario generate \$12.2 billion in GDP for Ontario's economy annually, and are number one in Canada by GDP.

This is always an interesting bullet to share with people: Creative industry GDP is now larger than Ontario's energy industry, is approaching 70% of the auto manufacturing sector and surpasses those of agriculture, forestry and mining sectors combined. Again, we're an economic file.

We also, in 2004, hired Ernst and Young to do an econometric analysis of our tax credits. At that time, it was shortly after Enron, so everyone was being very careful about their multipliers. We went with very conservative multipliers. But as you can see, a 2-to-1 on direct spend was the multiplier suggested at that time, and 2.6-to-1 on full-time employment. It's not insignificant in meeting Ontario's goals.

Our competitive jurisdictions: As already stated, Los Angeles and New York are our key competition in North America. We also compete with the UK, Australia and Europe. Toronto and Ontario carefully balance our expertise, competitive advantages—such as our tax credits—and film-friendliness with our mid-range price tag in order to maintain our domestic and international market share. We are very grateful for and welcome the finance minister's support for Ontario's screen-based tax credits. Indeed, that extends to everyone in the House because, as someone who tracks Hansard, I know that there's a tremendous amount of support across the floor for our industry and the way we conduct ourselves. This stability has been not only attracting volumes of business—and there's a chart further in this little love package that you'll see—but is also attracting significant private sector investment capital into the industry infrastructure, which is of course the point of the exercise for you.

We also thank the government for the position that we are not going to have our competitiveness eroded. Other provinces and jurisdictions, as MPP Shurman mentioned, do concentrate on trying to take as much work out of Ontario as possible. We are very vigilant about monitoring that, certainly, and we are very grateful to have a

government that shares that awareness in wanting to make sure that it's not eroded unnecessarily.

On page 11 is a chart which is the happy news story that I'm sharing with you today. The dark colour is the foreign service production and the light colour is the domestic volumes. You'll note that in 2011, we had our highest volumes in the history of Ontario. The last time our volumes approached that was in the year 2000, when the dollar was hovering around 60 cents.

You'll also note that in the year 2000, more of our work was service-oriented. Service work is fantastic because it brings a lot of high-end expertise, it pays top freight to use the equipment and the studios, and it's a big employer, but it is subject to world market forces. So when the dollar goes up, a lot of foreign sector work can disappear. In 2003, when FilmOntario was created, we anticipated external changes and wanted to work closely with our stakeholders and with all sectors of government on strengthening our bench strength for domestic—building our domestic companies, expanding our co-production opportunities internationally—so that should there be a sea change in the market, we would be able to hold steady.

In fact, this chart tells that tale. The domestic volumes are the highest they've ever been in Ontario's history. That has not eroded the stability of our infrastructure, which one would worry about if there was a different price point played there. It's very much a good-news story. Keeping our tax credits in the middle of the pack of what's out there both domestically and in the world, combined with our expertise here as a centre of excellence, is the key to this success story.

We have two items if you wanted to look at opportunities going ahead. We continue to work with the finance ministry to review the structure of the visual effects tax credit. We are unique to the world in the fact that our tax credit goes to the vendor as opposed to going to the producer. International markets don't conduct themselves that way, and from time to time that can be a competitive disadvantage. It's under way; it's something that we are continuing to be vigilant about. The second piece is, a few years ago FilmOntario, along with the finance ministry, developed an intellectual property tax credit model. It was floated as a pilot with a fund that was administered by the OMDC, and it was deemed both by our surveys of stakeholders and by the government surveys to be quite successful in building and retaining IP for domestic companies—so part of that plan of expanding our bench strength here in Ontario. It's worth considering—

The Chair (Mr. Bob Delaney): Just as a reminder, you've got about a minute left.

Ms. Sarah Ker-Hornell: I'm done. I'm ready for the Q and A.

The Chair (Mr. Bob Delaney): Perfect. Okay. Mr. Prue.

Mr. Michael Prue: I listened intently to what you had to say. It appears to me this is sort of a "steady as it goes" presentation.

Ms. Sarah Ker-Hornell: It's a good-news story for sure.

Mr. Michael Prue: Okay. So you're happy with the budget?

Ms. Sarah Ker-Hornell: Yes.

Mr. Michael Prue: You don't want any changes to the budget?

Ms. Sarah Ker-Hornell: Not with our aspects with the budget, no. We are content with the way our industry has been handled in this current budget.

Mr. Michael Prue: That's pretty simple, then. There's nothing you want from us. You just want us to make sure that everything that's promised is delivered.

Ms. Sarah Ker-Hornell: And that stability remains the order of the day. That's not the wrong thing to do.

Mr. Michael Prue: Then my colleague has a question.

Ms. Cindy Forster: Just because I'm kind of a novice at this particular industry, you mentioned something about the tax credit ratio with respect to job impact. Could you expand a little bit on that?

Ms. Sarah Ker-Hornell: Certainly. That was an econometric analysis that we hired Ernst and Young to do for us as a third party. Based on the direct spend, they looked at what the direct economic impact was in the market. They felt that it was a 2-to-1. Interestingly, in 2004, LA was using a 10-to-1 multiplier and New York was using an 8-to-1 multiplier. Even some governments in this country were using a 5-to-1 multiplier, so I couched this when I spoke to it, indicating that we went with highly conservative multipliers to see what our story could tell. The story was still that it was revenue-positive, directly off of the T4 slips for the government.

Ms. Cindy Forster: Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for having come in this morning.

This concludes our presentations for the morning. This committee is in recess until 1 o'clock this afternoon. We meet right back here in room 151. Thank you, one and all.

The committee recessed from 1003 to 1300.

OFFICE OF THE OMBUDSMAN OF ONTARIO

The Chair (Mr. Bob Delaney): Good afternoon, everybody. Welcome back. We're here to resume consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

Pursuant to our subcommittee report, the committee has invited André Marin, the Ombudsman of Ontario, to speak with us on Bill 55. With him this afternoon is Barbara Finlay, the Deputy Ombudsman.

Mr. Marin, you are going to have up to 15 minutes for your presentation, and following that, each caucus will have up to five minutes to ask you questions.

Go through the motions of stating your names for Hansard and then continue.

Mr. André Marin: Thank you very much, Mr. Chair. My name is André Marin. I want to thank the committee,

as well, for the opportunity and honour to appear before you to discuss Bill 55.

Bill 55 boils down to being a budget bill proposed by the government which establishes broad public policy. We view this as a bill which, in our democratic process, belongs, really, in the realm of elected representatives—parliamentarians—to decide on these issues.

As the Ombudsman of Ontario, I'm prepared to accept the will of Parliament. Our office takes no position on the substantive, broad public policy issues raised in the bill.

However, the role of the Ombudsman in investigating complaints against the provincial government is one of contributing to the machinery of government. I often use the analogy that we're the oil in the machinery to make it do what it's intended to do. So we often investigate issues of execution, not of broad public policy. A typical example would be one of the LHINs, the local health integrated networks. Some believe, in Parliament, that they should be abolished; others believe they should be improved, enlarged or diminished. That's an issue of broad public policy that our office does not take a position on. However, once you've passed the LHINs and agreed that you need to consult locally, our job is to make sure that the execution follows its intended purposes.

What is absent in this bill and gives us deep concern is that if it's adopted in the current form, the Ombudsman will lose jurisdiction over many bodies that it currently oversees. This is not a personal issue to me or to the office. We know that the erosion of oversight exposes the public to risks of abuse and neglect. The further an organization which provides services to the public is from the provincial government, in our experience, the higher the risks that that organization will run astray.

Since I've been Ombudsman, since 2005, we've conducted investigations, for example, dealing with private career colleges. Our report is called *Too Cool for School*. It details how private career colleges were running the show, thumbing their nose at regulation. The Ministry of Education was allowing them to issue phony certificates; exist illegally without regulation. Private career colleges are a problem in Ontario because they had forgotten the public interest that they are there to serve.

The Municipal Property Assessment Corp., another candidate for further separation from government: We conducted an investigation into this organization back in 2006 and found that the property values were assessed arbitrarily, often erroneously. There was a lack of transparency in dealing with the public. The public didn't know how their properties were being properly assessed. There was an organization, part of the government, which was ignoring binding rulings by the courts—again, an organization which had lost its drive to ensure that the public interest is served; again, another candidate that gives us a lot of concern, another candidate further from the provincial government.

Of course, the Ontario Lottery Corp.—that resulted in our report *A Game of Trust*. We found rampant fraud, where the CEO of the organization said—and this is in our report—that sometimes you just need to hold your

nose and sign the cheque even though you know that the person has defrauded the system. Again, another organization which would give me a great deal of concern if it was further brought outside the realm of the provincial government.

In all these cases, I can tell you that when we report it publicly, there is a fair bit of hostility from these organizations. But I can tell you, all the organizations I've named today wrote to us in subsequent years thanking us for delivering a bit of a shock to the system.

History has taught us that these organizations can be fraught with problems because their independence tells them that they're really not governmental and they can act as if they're not governmental. Tarion's a good example. Tarion has always been outside the jurisdiction of our office. We have very frustrated homeowners who call our office, they challenge, they want us to oversee something we know we don't oversee. Over the last five years, we've had over 223 complaints regarding Tarion. Citizens are not happy with the level and degree of oversight of this body.

That is the first point: The further from government these public service entities are, the more likely they are to ignore the public interest. Therefore, you need to have an officer of Parliament such as myself retain that ability.

The second point I want to make is that as the Ombudsman, I'm an officer of Parliament and I work for you; you're my bosses. If the mandate of the office is cut in these areas where we are very active, you, as members of provincial Parliament, will lose your eyes and ears into very important areas of provincial public policy. Your mission is to serve your constituents, and if the bill passes in the current form you will lose that ability to serve your constituents because you will lose the eyes and ears of the Ombudsman's office, which will weaken your role and weaken the role of Parliament.

We know that in Ontario, because of various scandals such as eHealth, Ornge etc., accountability has become the buzzword. Everyone talks about accountability, and I think properly so. This is an area where there would be less accountability to you through my office if this proceeds without an amendment.

The third point I want to make to you is that I want to invite the committee to look at this issue that I've presented to you today more as an issue that transcends politics. I'm aware that the very substance of this bill has led to very passionate arguments by all parties on whether to privatize or not.

If you are members of the opposition on this committee and you look at it realistically and come to the conclusion that passage of Bill 55 is inevitable, though in your heart of hearts you may be tormented by what this bill stands for, I would invite you not to pass on this important opportunity to fix what is in your power to fix and to make sure that proper oversight is provided in this bill, because it does not, as it stands, do that. If you are government members on this committee, likewise, ask yourselves why you ultimately jumped into politics. You did it to do good and to provide for good governance.

The Ombudsman's office is not asking for anything we don't already have. We're asking to preserve oversight in very important areas of public service. I would invite you to take a principled approach and to strengthen your participation in the process by preserving your ability to get the goods on these public bodies.

The solution we propose—we laid it out in the submission that we filed with the committee last week. I have one further document to provide to the committee and it is the proposed amendment to Bill 55. We're not legislative drafters, but my experience is that I'm often asked when I participate before these committees, "What exactly would you be proposing?" So we have here distributed the proposed amendment to Bill 55, which I will read and it can be distributed to you.

That the act incorporate a broad statement confirming the applicability of the Ombudsman Act, and precisely this:

"If, under any of the schedules to this act, authority is delegated to any person or entity through regulation, agreement or otherwise to provide government services or administer any provision of an act or regulation, that person or entity shall be deemed to be a 'governmental organization' under section 1 of the Ombudsman Act and subject to the provisions of this act."

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It's very clear. It's very simple. It doesn't disturb what the bill is trying to accomplish. It does not participate in the heated debates over the basic tenets of the act, but rather upholds a very important principle in Ontario, that is, the oversight of the Ombudsman over public services.

Thank you for your attention.

The Chair (Mr. Bob Delaney): And thank you. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Mr. Marin, for coming before us. I appreciate the scope of what you want to see happen through that amendment, but I'd like to get you on the record being a little bit more specific about what it is you're looking for.

It seems to me, if I read between the lines—because you kind of alluded rather than said—that it is the opportunity to delegate some things by the government under Bill 55 that could weaken your ability to provide oversight. Is that correct?

Mr. André Marin: Yes. I would say that will weaken oversight, yes. Definitely.

Mr. Peter Shurman: So it's not something specific that we see in the bill, but rather that which is embodied in schedule 28, if I can be very specific.

Mr. André Marin: That's correct.

Mr. Peter Shurman: You want the amendment simply to say, "Render unto Caesar what is Caesar's"—pardon me for that analogy, but you want to keep what you've got?

Mr. André Marin: That's precisely it.

Mr. Peter Shurman: Now, let's talk a little bit more broadly. What about the MUSH sector, which is in such contention at any given time, where the Ombudsman is concerned? There is so much in a budget that pertains to

municipal, universities and so forth that you don't get to touch. How do you feel about that?

Mr. André Marin: Well, next week, we're releasing the annual report. We'll have fresh figures for you on the number of complaints we get from the MUSH sector. It's an area that is, in my view, lacking in oversight, no doubt about it. For 37 years, the Ombudsman's office has been making the same case, and for thousands of complainants every year that turn to our office, we must explain to them that we have no oversight of the sector. It's problematic. It's a separate issue than this one, but it's certainly problematic, and I think time is due to address that.

If you look at hospitals, for example, they receive \$15 billion in funds from the provincial government. That's huge. It equals our defence budget for all of Canada. There is no oversight in our hospitals. We're the only ones in all of Canada that cannot help complainants deal with hospital issues. Hospitals have resorted to patient advocates, patient ombudsmen, these kinds of offices, which are pretty well useless when someone has a really serious issue at a hospital.

We're still paying for all these offices through public funds, but they report right into the hospital bureaucracy. Where do you go if you have a problem with a hospital, the hospital CEO, the hospital board, the patient advocate? You really have no valuable place to go.

Mr. Peter Shurman: Well, nowhere that's impartial, anyway, because if you go as high as the ministry, you still have something that you're protecting, or at least can be perceived to be protecting.

The reason I opened that question is it's typically out of order to present amendments on something that isn't in the bill. However, it's arguably true that elements of the MUSH sector are all over this bill and one could technically present amendments. So let me ask you this: If you took a look at the four letters that MUSH is composed of, would it be the hospital sector that gets you the most complaints, or which one would it be?

Mr. André Marin: The numbers are in our annual report. I don't have them fresh under my eye, but certainly, in my opinion, the area that needs the most oversight in those letters would be hospitals, yes.

Mr. Peter Shurman: Thank you, Mr. Marin. I appreciate your time.

Mr. André Marin: Thank you.

The Chair (Mr. Bob Delaney): Mr. Vanthof.

Mr. John Vanthof: Thank you for coming this afternoon. I'd just like to explore a little bit: You mentioned something about accountability. Mr. Shurman mentioned schedule 28. If schedule 28 stays as it's drafted, could we conceivably have—I don't want to put words in your mouth—more problems, like we've had at Ornge, like we've had at eHealth?

Mr. André Marin: Absolutely, absolutely.

The problem with the act is it's a vehicle that enables government to then convert government bodies into bodies where there's no oversight. That's the problem. What I am seeking to do is attach to this vehicle the proviso that if the government does that, there will be Ombudsman oversight. Otherwise, I'll be just like the

rest of you one day, opening a newspaper and seeing that the Municipal Property Assessment Corp. has now been turned into a private entity and jurisdiction is lost, so my time to speak is now. It's not a hypothetical issue; it's one that's very immediate and very real. I would hate to see thousands of Ontarians who brought issues to our attention over the years be left without a device to complain. When we announced our investigation of MPAC, we had 75 complaints. Within three weeks we had 4,000—a lot of property owners in Ontario. They're more accepting of the system now that reforms are in place, but at the time it was a very hot topic. Do you want to leave such an organization with such an important role and impact with citizens having no independent oversight? That concerns me.

Mr. John Vanthof: Once again—I don't want to be repetitive, but I really want it on the record—the way this bill is drafted now, your office isn't asking for more power, your office is asking for the same level of oversight as it currently has?

Mr. André Marin: Absolutely. We're asking for the status quo. This bill erodes the current reach of the Ombudsman's office, and that's the concern.

Yes, I intend to make submissions on Bill 50 in due course, but the situation with Ornge is the same. Right now, the bill presently before Parliament does not spell out that we have any authority over the new entity of Ornge once the bill is passed. The whole bill is about oversight. If you're leaving out the Ombudsman, you're leaving out a huge chunk of the oversight. Like I said, it's not the office, it's not me. I work for you. If you're happy not to have oversight into the new Ornge, if you're happy to let the bill progress and relieve your eyes and ears into issues, that would be of concern. But I don't think that that's what you want.

Mr. John Vanthof: Thank you.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Marin, for coming today and making the presentation. I think you were fairly clear in your articulation as to what you would like us to consider when we are looking at Bill 55 before it is reported back to the Legislature. Really, I think my colleagues have asked the questions, and I just want to thank you for coming today and succinctly presenting your position. We look forward to continuing to work with you. I look forward to seeing you back in Ottawa as well. Thank you.

Mr. André Marin: Yes, Yasir.

The Chair (Mr. Bob Delaney): That concludes this presentation. Thank you very much, Mr. Marin.

Mr. André Marin: Thank you.

MS. MARGARET SMITH

The Chair (Mr. Bob Delaney): Is our next presenter, Margaret Smith, in the room? Okay, good. I am advised that the presentation listed as occurring at 1:30 has been cancelled. Ms. Smith, take your time, make yourself comfortable; sit anywhere you wish.

Interjection.

The Chair (Mr. Bob Delaney): This one goes to Yasir, and you get the one scheduled for 2.

Okay, we'll get back to our normal rotation. You'll have up to 10 minutes to make your presentation followed by up to five minutes of questioning. This round of questioning will be from the government side. Begin by stating your name for Hansard and then proceed.

Ms. Margaret Smith: Thank you. My name is Margaret Smith. I'd like to begin by thanking you for this opportunity to speak today. I believe that the public hearings that you've scheduled, especially on budgets, are an important part of the democratic process.

I wish to speak to you today about the need for the budget to enhance our democracy by aiming for greater equality in our society. This budget should be moving Ontario towards less economic inequality, not exacerbating the gap with more spending cuts.

We know that the disparity between rich and poor has never been greater in Ontario. Research shows that income inequality hurts everyone, not just the poor, and greater equality benefits everyone. Just as one example, in countries that have a more equal distribution of wealth, people tend to live longer, think they are healthier, are less likely to experience mental illness and are less likely to be obese; in other words, everyone's health is better.

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To quote Wilkinson and Pickett from *The Spirit Level*, "Greater equality is the gateway to a society capable of improving the quality of life for all of us and an essential step in the development of a sustainable economic system," yet our government states that its main goal is to impose cuts due to growing deficits.

These deficits, however, were not caused by the government spending too much on welfare or disability payments, but were caused by the economic downturn. How will these cuts help correct this downturn? Short answer: They won't. I believe these cuts will only exacerbate the income gap and not result in any economic growth. The inequality gap will just become larger and social tensions will increase.

There is no question that we live in difficult and challenging times. However, I am still of the view that government should do all it can to build for the future while providing for the present. Forgive me if I betray my age, but I remember when Ontario governments were building the infrastructure that we now benefit from.

As one example, education reforms heralded a better tomorrow for everyone, creating broader post-secondary opportunities like the community college system. This government should aspire to the same role. There should be optimism about our collective possibilities. The benefits of various levels of government services include, but are not limited to, our education, health care, pensions, police, fire protection, roads, highways, libraries, museums, parks, water safety, sewage systems, food inspection, and the list goes on. These benefits help to build a civilized society.

So how can we make our society more equal and have the money to support these programs? One of the ways is through fair taxation. Taxes paid to government enable

Ontarians and Canadians to live better lives and make our society more equal. My grandparents feared childhood diseases that could take away their young children—diseases that are now unknown to my grandchildren thanks to government health programs. Taxes are a privilege in a civilized and caring society. We need a fair taxation policy, taxing those best able to pay, including inheritance and corporations. It turns out that the entire infrastructure built during the 1950s and 1960s was paid for by a more fair and progressive tax system than we have today. Individuals and corporations prospered and grew, all the while paying more of their fair share of taxes, unlike today. The government should have the courage to argue for a better, more equal society where we can all benefit through a democratic tax system.

There is a growing public appetite for a more equal society. Recently, the media has reported many stories with this theme. In a Forum Research national poll, a strong majority, more than 75% of Canadians, believe the country suffers from an income gap. In Ontario, 78% of respondents were worried about this issue.

Another Forum Research poll in May determined that 78% of Ontarians surveyed favoured the NDP proposal to raise taxes on higher income earners.

A recent survey conducted by Environics Research for the Broadbent Institute revealed that a majority of Canadians were willing to pay higher taxes to protect social programs like health care, pensions and access to post-secondary education, to help fight income inequality. This support was found across gender, ages, education levels, family income and employment levels. The same poll found that the majority of respondents, 71%, believe that the growing inequality gap undermines Canadian values. There was also support for increasing corporate tax rates.

However, this government will not even raise the issue of tax reform. The NDP tax proposal was accepted only to avoid an election. Instead, the government's plan to increase its revenues comprises only increased gambling and liquor proceeds. Unlike manufacturing, OLG expansion will not create something new, but rather just redistribute existing revenue by taking it from those who can least afford it. This action is simply cynical and hopeless and unworthy of our government.

I plead with this government to rise to this democratic challenge. Listen to the citizens calling for greater equality, calling for fair taxation to build a strong Ontario. This is not Wisconsin; this is Ontario, and it is time for strong action. First, repeal the Taxpayer Protection Act, referred to in schedule 67, and undertake to introduce, instead, a fair taxation system.

Further, revise those schedules that increase inequality, like schedule 66, changing it to increase the Ontario child benefit. Any changes to MPP and executive compensation schemes should use the test of greater economic equality to demonstrate leadership.

The government should advocate a shared vision that can inspire us to create a better and more equal society. Our opportunity is now.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Ms. Smith, for coming and presenting today. We have had the opportunity to hear from quite a few of your colleagues, as well, over the last few days that we've been hearing from deputants. What you've suggested is pretty much in line with what they have presented.

Let me ask you a couple of questions on the theme of creating a more equal society, which I don't think anybody will argue with you against. I think that's exactly what we are engaged in. What we are doing our best to do is to create an equal society.

One of the measures that the government introduced, which was part of our election platform, was to bring a reduction in post-secondary education fees by 30% and very much focus on those students who come from family backgrounds of low- to mid-income families. Do you think those types of steps help eliminate inequalities in our society?

Ms. Margaret Smith: I think that there is an improvement, but they don't go anywhere near removing the tremendous barrier to post-secondary education that the tuition fees in Ontario present.

It is ridiculous that, for the last 20 years, we've accepted this notion that we have to benchmark against private sector universities in the United States and pay people all this money. Meanwhile what we're doing is, we're making it harder and harder for our students to think about going to university because of the debt that they incur through tuition not only for their undergraduate, but if they undertake postgraduate work. For example, let's take my daughter who was thousands of dollars in debt after completing law school.

This is a huge burden for people to face, so it still is the case in Ontario that the greatest indicator of whether or not a child will go to university is whether or not his parents or her parents have gone to university or any post-secondary education. That means that social mobility is impaired because of the lack of accessibility to post-secondary—

Mr. Yasir Naqvi: However, our data demonstrates that our tuition fees are still far less than the US, as the reference point that you used. Secondly, the number of students who go into universities and colleges continues to go up in Ontario, which is a very positive sign. But I'm happy to hear that a targeted approach like that is a step in the right direction as opposed to giving a blanket tuition reduction to those who may come from a high-income family as well.

There's another suggestion that is made by the NDP—and I'd like to hear your views on that—saying, "Let's take the HST off home heating for everyone." Do you agree with that proposal? Do you think that will result in creating a more equal society?

Ms. Margaret Smith: I think you'd have to ask an economist with far greater information than I have to comment on that. I do know—

Mr. Yasir Naqvi: But do you think it's fair in a society like ours, to have somebody who lives in a 3,000-

to 4,000-square-foot home who uses a lot of home heating, to give them the same tax break as somebody who might live in a one-bedroom apartment?

Ms. Margaret Smith: I think it's far worse that, in Toronto, there's such a lack of affordable housing for the majority of people who live in this city and that their homelessness is such a huge problem. I think you're talking about something on the edges of a bigger problem, which is the right to housing that we all should have in this society, and I think it's a huge problem that the government should address.

Mr. Yasir Naqvi: A \$3-billion revenue shortfall is—I won't call it an edge, especially when you're saying we should pay more taxes. Don't you agree?

Ms. Margaret Smith: A \$3-billion deficit you're facing?

Mr. Yasir Naqvi: No, the \$3 billion that comes from the HST from home heating. That's not talking edges. That's \$3 billion that can be used for a lot of affordable housing that you're talking about. Don't you agree?

Ms. Margaret Smith: Oh, I'm sure you could use the money to all kinds of good ends.

Mr. Yasir Naqvi: Another point I want to raise because on your first page here on—

The Chair (Mr. Bob Delaney): You'll have to make it pretty succinct.

Mr. Yasir Naqvi: Very succinct—you give the illusion that there's a lack of building infrastructure, whereas we've seen over the last eight years—in fact, my PC friends will argue we're spending too much money when it comes to building 18 new hospitals and 400 new schools. Would you give me some acknowledgement that we have made significant investments in the last eight years in building our education, health care and community and social services infrastructure in the province?

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Ms. Margaret Smith: Oh, there have been improvements, but I believe that as a result of the current situation with the government, some of these projects have been cut back. Is that not correct?

Isn't it crazy that our economy is so much bigger now than when I was a child, and yet our taxation rate is less—the middle class, of course, is paying its fair share, but the people who can most afford it and corporations, and inheritance tax isn't paid anymore. So the infrastructure we could build is—

The Chair (Mr. Bob Delaney): On that note, I will have to thank you very much for your time and for coming in to offer your views today. Thank you very much.

Ms. Margaret Smith: Thank you very much for the opportunity, and thank you for your questions.

ONTARIO NONPROFIT NETWORK

The Chair (Mr. Bob Delaney): Our next presenter is the Ontario Nonprofit Network. Please come forward. Good afternoon and welcome this afternoon.

Ms. Jini Stolk: Thank you. I'm glad we got here a little bit early.

The Chair (Mr. Bob Delaney): Yes, we're glad that you did as well. You'll have 10 minutes to offer your thoughts and views this afternoon, followed by up to five minutes of questioning. The question rotation this time will come from Mr. Fedeli of the opposition.

Please state your names for Hansard, and proceed.

Ms. Jini Stolk: I am delighted to introduce myself and my colleague. I am Jini Stolk. I am the co-chair of the Ontario Nonprofit Network and executive director of Creative Trust, an organization that exists to strengthen the financial capacity and organizational potential of Toronto's performing arts companies, but I'm here in my role as co-chair of the Ontario Nonprofit Network. And by my side is—

Ms. Lynn Eakin: —Lynn Eakin, and I'm the policy adviser at the Ontario Nonprofit Network.

Ms. Jini Stolk: On behalf of the 6,000-plus members of the Ontario Nonprofit Network, we're really pleased to be here today. We're going to provide the committee with a very brief presentation on the non-profit sector, but we're also here to articulate some specific comments and recommendations on the 2012 Ontario budget. We're going to conclude with the importance, in our mind, of continuing to build the sector-government partnership for the benefit of all Ontarians.

We know that the members of this committee are very well aware of the very important contributions of the not-for-profit sector to the socio-economic well-being of the province. In fact, we have done some research, and I am personally really impressed and actually quite—it's very heartwarming to see the amount of past experience and volunteer work that members of the committee have done and are currently doing in their communities in the non-profit sector. It's wonderful to see.

We also were recently very delighted to have the Premier of this province reiterate the immense social and economic value of the sector to the province at a speech to the Open for Business round table with the non-profit sector and government, and he talked very, very strongly about the overall importance of this sector to our collective future—and, Teresa, it's lovely to see you again.

However, I think it's important—it never hurts to remind ourselves of a few of the facts and figures and the picture of the size, scope and impact of this sector. It really is astonishing. It employs nearly 650,000 people in communities across the province. It generates over \$50 billion of the province's GDP. It has multibillion dollars in revenue; two thirds of that comes from earned income or donations and only the remaining third from governments—all governments. So the not-for-profit sector, we believe, is a tremendous engine of economic growth and, again, for every dollar invested by governments in the sector, it raises two.

I'm going to now veer from my intended comments to say that, given that context, we were actually very disappointed and surprised to see today, or a couple of days ago, in the Star that the jobs and prosperity panel which was just set up is very, very light on perspective and personnel from the not-for-profit sector; in fact,

there's nobody there. I think that, as I will continue to say in my comments, the perspective of people who are working on the ground with those Ontarians who are unemployed or who have difficulties and need the community involvement, the community assistance that they get from not-for-profits, really do deserve a voice on that panel, and I think it would strengthen the panel and its perspective.

The sector's role in building and sustaining Ontario's social well-being is legendary and, from my comments just previously, really cost-effective. The sector works locally to deliver programs and services that both communities and government consider to be essential. I think we really are true partners in developing the health and well-being of our society. In providing services such as employment supports for people with disabilities; settlement services for newcomers; and sport, recreation and arts activities, we really do help knit the social fabric of Ontario. Again, in partnership with government, and often in partnership with the for-profit sector, we bring about the solutions to the urgent social and economic challenges in our communities that we are all looking for.

The Ontario Nonprofit Network has been working intensively over the past four years to bring the sector's attention and voices to public policy issues and challenges. The network made a strong and principle-based presentation to the Commission on the Reform of Ontario's Public Services, the Drummond commission. Our focus—and we were very pleased to see it reflected in the report—was the need for a transformation of the sector-government funding relationship. We strongly supported systematic changes to improve the administration of taxpayers' investments in the sector and thereby increase the public benefit received by Ontarians: cutting through some of the red tape in order to move efficiently and effectively deliver the services that we all want to see in our communities.

We participated in the pre-budget consultations and offered concrete ideas for developing new ways of expanding social finance and innovation in Ontario, because many of the non-profits we deal with are very, very much involved in social finance and innovative solutions, as well as strengthening the capacity of the sector to undertake pilot projects in these areas.

During this same time, we were privileged to work with the Open for Business secretariat at the Ministry of Economic Development and Innovation, where we collaborated as part of this process. I think we saw it as a historic recognition by the province of the sector's important economic—not just social—value to the growth and health of the province. Again, it was very reaffirming to hear the Premier indicate the same in his speech last week.

As a result of the Open for Business work and with the tabling of the 2012 budget, Strong Action for Ontario, the ONN is already under way in negotiating some reforms that I will briefly outline:

—transforming the funding relationship, as I said before, to make it more efficient and more effective, to

eliminate some of the unnecessary red tape and get the money out into the communities where it's most important;

—to offer vendor-of-record savings to a large number of non-profit organizations, which will save them operating costs for supplies, so, again, more resources can be invested directly in programs and services;

—facilitating expanded access to infrastructure loans to a broader number of not-for-profit organizations that are well placed to deliver public benefits in things like non-profit housing and the creation of arts and cultural centres; and

—working to ensure, wherever possible, that not-for-profits have the opportunity to purchase surplus government lands in the public domain while ensuring market value to the government.

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These proposals, which have now really become agreements in principle that we're working to put flesh on, are realistic and they're directed to results-based, cost-efficient delivery of public benefit services. We might add that these fit very nicely under the budget's "Better Outcomes With New Partnerships" section.

The Chair (Mr. Bob Delaney): I'm just going to remind you that you've got about a minute left.

Ms. Jini Stolk: A minute? Thank you.

We will offer to help facilitate the lead ministries in shaping the unclaimed intangible property program in Strong Action for Ontario.

I would like to briefly say that we strongly suggest that designated administrative authorities, which are again outlined in Bill 55, specifically in 16 and 28, must be to the extent possible delivering public profit, not just private profit. We maintain that privatization of these public benefit services often creates an unfortunate race to the bottom, negatively impacting costs and results for the government and for citizens.

We are the proven third way, as other—

The Chair (Mr. Bob Delaney): And on that note, thank you.

Ms. Jini Stolk: Thank you.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you very much, Chair. Ms. Stolk, Ms. Eakin, thank you very kindly for being here today and for the detailed presentation.

You're going to find very little disagreement from me. As someone who has run a non-profit for several years in the city of North Bay, I can certainly tell you that I agree with virtually all of your commentary through here, especially—I'm going to take a minute and I'll preface a question somewhere in there—unclaimed properties. That's a particularly productive idea that I'm going to just explore for a second with you.

While serving as mayor of the city of North Bay—when you drive down the street, you see house, house, house, vacant lot, house, house, and you wonder, "I wonder why that's empty." I did an analysis of that and found that we had 108 empty lots in the city of North Bay, a city of 54,000. You'd wonder why. You know, the

barn fell over and the city got it for taxes, or it burned and whatnot, but we were able to turn those 108 properties into housing. In one section particularly, we did—they must be at entry-level housing, we call it, which was a really successful idea. I would encourage you, if you ever want to chat about that at length, I'd be more than happy to talk for hours and hours about that particular topic.

My question will be about your comment about the pre-budget consultations. Where were those pre-budget consultations held? Number three, as part of your pre-budget consultations.

Ms. Jini Stolk: My colleague was there and I was not in town.

Ms. Lynn Eakin: A delegation from the Ontario Nonprofit Network met with Yasir Naqvi—

Mr. John O'Toole: Listen.

The Chair (Mr. Bob Delaney): Order. We're not like that here.

Ms. Lynn Eakin:—prior to the budget to talk about some of the interests that the sector had in the budget.

Mr. Victor Fedeli: So you had pre-budget consultation.

Ms. Lynn Eakin: We did, yes.

Ms. Jini Stolk: Yes.

Mr. Victor Fedeli: Okay, and just to touch briefly—I've chewed up almost all your time, with my apologies, but I assure you it'll be worth your while when you come and chat with me about that chapter. On 16 and 28, can you expand on your objection to those two? And I thank you.

Ms. Lynn Eakin: Yes. It's our position that public benefit services are best delivered through the public domain and that they should be retained in the public. That's what we are talking about: that profit, if there is any through the delivery of these services, ought to remain for the benefit of the public. If that's done through the non-profit sector, then any benefit that is accrued in the delivery of those services is reinvested in communities across the province. We think that that's a much more effective model than the privatization for private profit of services that are public benefit.

Mr. Victor Fedeli: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and for having shared your thoughts and opinions with us.

This committee stands in recess until 2:55.

Oh, I'm sorry. I did say 2:55. I meant 1:55.

The committee recessed from 1345 to 1355.

WOODBINE ENTERTAINMENT GROUP

The Chair (Mr. Bob Delaney): Let's return to order. Our next presentation is going to be from the Woodbine Entertainment Group. Please come forward. Make yourself comfortable. Thanks for coming early. This is one of the things that perhaps you can take back with you and say, "Hey, they run ahead of schedule in government."

Ms. Jane Holmes: It's not true what they say.

The Chair (Mr. Bob Delaney): It absolutely isn't true. Things around here start on time or before, and they end on time or before.

Ms. Jane Holmes: Excellent.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks to us today, followed by up to five minutes of questioning. The questioning will come this time from the New Democrats. Please begin by stating your name for Hansard, and then proceed.

Ms. Jane Holmes: Okay. Mr. Chairman, committee members, my name is Jane Holmes. I am vice-president, corporate affairs, and corporate social responsibility officer for Woodbine Entertainment Group.

Thank you for the opportunity to address this committee about the cancellation of the slots-at-racetracks program. This has been a program that has been successful beyond what either the government or the industry had projected when it was first introduced. Slots-at-racetracks has allowed an industry, which was struggling in the face of a significantly expanded gaming-operated and regulated market, to become one of the leading international horse racing jurisdictions.

The horse racing and breeding industry has grown from over 25,000 jobs to over 34,816 direct jobs in the last decade. Its expenditures have increased by 67%, from \$1 billion to \$2.1 billion. Why? In large part, because of the slots-at-racetracks program.

Today I am here on behalf of Woodbine Entertainment Group, otherwise known as WEG. WEG is the largest operator of horse racing in Canada and is recognized as one of the most innovative in North America. I have for the committee, in the packages that have been distributed, letters from international racing associations which were sent to the Premier when they learned of the end of the slots-at-racetracks program and the devastating impact it would have on WEG. These letters confirm WEG's international reputation and stature.

Tom Charters, the president and CEO of the Hambletonian Society, states, "This October [when WEG hosts the Breeders Crown] Woodbine will be the focus of the international harness world. It is a pre-eminence WEG richly deserves and has fostered because of the OLG program. [WEG] has been a leader in both the standardbred as well as the thoroughbred industry internationally."

It is with great disappointment that I sit before you here today. The Ontario slots-at-racetracks program has been the envy of other jurisdictions and has been used as the model for a successful racing and breeding industry across North America. The government needlessly announced the cancellation of this program under the guise of it being a subsidy.

A subsidy does not usually require its recipients to invest hundreds of millions of dollars to earn the government a return of \$1.1 billion annually. As you are aware, the Drummond report only recommended a review of the program on a value-for-money basis in light of the province's deficit situation. A review has still not

been undertaken, yet the program has been cancelled and a mandate to transition the racing and breeding industry to self-sustainability has been assigned to a government panel.

While our industry finds the subsidy reference offensive, I would like to share a quote from U of T economics and public policy professor David Wolfe, and this was in reference to subsidies to the automotive industry: "Investment in economic development that is going to generate jobs and tax revenue can't be looked at in the same way as paying for another MRI or another hip replacement." Yet this is exactly what the government has done.

Why cancel a successful partnership without a thorough understanding of its implications? In this case, an industry is being jeopardized which generates 60,000 jobs in this province, provides \$261 million in direct taxes, contributes \$4.5 billion to the GDP and hosts facilities which generated over \$1.1 billion in gaming revenue to the province just last year. The stated rationale for cancelling the program is a theoretical savings of \$345 million. Obviously, the total costs associated with cancelling the slots-at-racetracks program would dwarf these perceived savings.

For a jurisdiction which is struggling with a large deficit, has had its credit rating downgraded and has an unemployment rate of 7.8% as of May, how do you fill that gap that will be created by the 60,000 proud, productive, wage-earning Ontarians, many of whom will struggle themselves, deplete their life-long savings, if in fact they have any, and are likely to need social assistance? How can the OLG modernization plan assume the generation of 2,300 net new jobs in the face of the loss of 60,000 jobs? How will the projected one-time injection of \$3 billion in infrastructure make up for the \$2 billion in annual expenditures by this industry?

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WEG alone employs 2,300 individuals and has an annual payroll of almost \$89 million. Another 2,500 people work in its backstretches to care for and train the racehorses. WEG provides subsidized housing for almost 400 of those people in the backstretches. Our annual payments to suppliers and vendors exceeded \$80 million annually. In 2011, WEG's contribution to charitable causes was more than \$1 million.

WEG has been a strong community partner. The board of directors felt WEG was in a financial position, after the implementation of the slots program, to help others in need. Their decision could have been to just pay down the debt or invest in the horse racing business, but that was not consistent with our values or our rural roots.

I also have in your package letters from WEG's community partner organizations. They wrote these letters when they were advised that this may be the last year that they can count on WEG for financial or in-kind support.

Woodbine Entertainment Group has been a proud partner of this province. Our racetrack slot facilities at Woodbine and Mohawk are two of the three most successful gaming sites in the province. Collectively,

these sites generate \$750 million in gross slot revenues. Their net contribution far exceeds that of the resort casinos or the charity casinos combined. WEG is also the largest lottery retailer in Ontario, with sales of over \$6 million. WEG is the engine that drives horse racing in this province, representing 75% of the parimutuel wagering. WEG is a not-for-profit corporation that reinvests all of its revenues after debt repayment back into its businesses, which re-circulates into the economy.

WEG and the OLG signed a site holder's agreement in 1998 for Mohawk and Woodbine Racetracks for a term of 15 years. The site holder's agreement is a commercial contract which stipulates the terms and conditions of the business relationship. This includes the 20% revenue share to WEG and its respective horsepeople. To be clear, this 20% is not a subsidy funded by tax dollars. It is simply a share of the discretionary consumer spending on the slot machines. Since that time, WEG has invested over \$175 million into its facilities just to accommodate the slot operations. That's the private part of the public-private partnership.

The OLG did not have to make any investment in land, new buildings, infrastructure or parking facilities and had access to a pre-established gambling audience at Woodbine and Mohawk to help drive the slot business. WEG, like other racetrack operators, is disproportionately picking up slot-related costs. Since WEG is responsible for the lion's share of the common area costs resulting from having 24-7, 365-day-a-year slot operation at our facilities, our 10% share is really a net of 8.5%. Why?

The Chair (Mr. Bob Delaney): And just to remind you, you've got a little more than a minute.

Ms. Jane Holmes: Okay.

The common area costs are shared based on square footage and not visitor usage.

We signed an extension to that agreement in 2010, which required us to secure \$32 million in financing to pay for our share of the capital costs for a new expansion that went in. We were shocked with the cancellation and at this time we will lose 50% of our revenue at Woodbine because of this cancellation. Long-term business plans and financial plans have been developed and WEG is now in a breach of agreements with its business partners, yet that work is still in progress and not expected to be completed in December. Woodbine will never see a return on that investment, nor will it get a return on the funds that it has invested, based on correspondence we've had from the OLG. How can the government look at making a change when a business has put together plans to move forward in the future and in less than a year have those plans completely destroyed?

I am making recommendations today to this committee that—you have announced a transition committee. That transition committee's mandate should be expanded to identify what the impact of the slots-at-racetracks program cancellation will have on this economy in Ontario.

The Chair (Mr. Bob Delaney): On that thought, I'm going to have to stop you there. Mr. Vanthof.

Mr. John Vanthof: Thank you very much for coming. I think I'm going to take you along the path of where you were going because I think, since this whole odyssey started, when the government tried to explain this as a subsidy versus—which I believe it is. I think you would agree it's an investment or a partnership. In your opinion, the 60,000 people who are now employed, both full-time and part-time, in the industry—where are they going to go, the ones whose jobs will be terminated because the industry is not going to continue as it was? In your opinion, has the government put any thought into the actual—and this is a budget discussion we're having, so we're not talking about the human costs here, but we're talking about the direct monetary costs.

Ms. Jane Holmes: I'll answer your first question first. I think that the large operators in the breeding and horse racing business will leave this jurisdiction and go to other jurisdictions that still have a viable horse racing industry, if there is not a change made to the program and a stop to the cancellation.

Many of the people who work in the backstretches and on the farms will never find jobs. In Quebec, you'll find that they had a similar devastation of their industry several years ago, and many of those people, three years later, still don't have jobs.

I think you're going to see a huge gap in the economy, not only from the horse racing sector but from the ancillary jobs that are created because of our business. As I had indicated, Woodbine spends \$80 million on vendors and suppliers. Those people will suffer because of this as well. The veterinarians—there's a whole chain of people that that will have a chain reaction to, and I don't believe that that consideration has been taken into place, but I do think that you will see that social welfare rolls will be going up as a result of this decision.

Mr. John Vanthof: I don't think anyone likes changes, but from a business perspective, would it have made more sense to you, two years back or when this announcement was made, to say, "Okay, we're thinking about doing this. Let's talk about this and see what can come out of this," as opposed to what they did?

The second part of this question is, will this panel that was just announced really have the benefit that it could have had? The damage is happening as we speak, so will this panel even have a chance to help?

Ms. Jane Holmes: Again, to the last question first: It has already had a severe impact on our breeding industry. The announcement was made right at the time that the peak breeding industry was happening for all three breeds in the province, and that can't be undone. The risks that we have right now, if there isn't a solution or information brought forward before the fall—September is when the major breed sales are. So you're going to be punishing the breeders twice in the same year, this time for an investment that they made two years ago.

From an investment and a business perspective, this was just a poor business decision. I think everybody in the industry could appreciate that the province was in a deficit situation, and I think that we would have been

prepared to have discussions with the government with respect to possible changes to the revenue share so that we could all feel the pain, as they're doing with other labour groups as well around the province. That didn't happen.

At Woodbine, we have 2,300 people on our payroll. If a decision isn't made soon, we're going to have to start making decisions about what we do with those 2,300 people, because we're going to lose half of our revenue. Woodbine is the only track in the province where the majority of our revenue still comes from parimutuel. Is it a subsidy when the government still has a greater return than what the subsidy was? I don't believe it is. It was entered into as a commercial contract.

I can also tell you that in doing that, the horse racing industry has been cannibalized. We've done exit surveys. We know that our horse racing customers don't bet as much on horse racing today as they did before the slots came into the racetrack, because they have the slots there. So we are being cannibalized, but we were okay with that because we knew that we were getting the same revenue share and it really didn't matter. Can this industry be sustainable? No. There's too much government-operated gaming in the market. Their product lines have been growing since the 1970s. The horse racing industry is still left with the same traditional product lines that it has always had. There's currently legislation—

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The Chair (Mr. Bob Delaney): Thank you. I'm going to stop you there. Thank you very much for having come in and for having shared your thoughts with us.

Ms. Jane Holmes: Thank you.

NORTH SHORE TRIBAL COUNCIL

The Chair (Mr. Bob Delaney): Our next presentation will be the North Shore Tribal Council. Please come forward.

Please have a seat. Make yourself comfortable. Thank you for joining us today. You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. The questioning this round will come from the government side. Please begin by stating your names for Hansard and proceed.

Mr. Alan Ozawanimke: Good afternoon and thank you for meeting with us. My name is Alan Ozawanimke. I'm the chief executive officer for Mamaweswen, the North Shore Tribal Council. We represent seven First Nations on the north shore of Lake Huron between Sudbury and Sault Ste. Marie: the communities of Atikameksheng Anishinawbek, Sagamok Anishinawbek, Serpent River First Nation, Mississauga First Nation, Thessalon First Nation, Garden River First Nation and Batchewana.

I'm accompanied by our director of Niigaaniin services—which is the Ontario Works delivery agent for the communities that I've just mentioned as well as Wahnapiatae—Elizabeth Richer.

First, I want to again thank the committee for agreeing to meet with us to hear our concerns about the proposed

cuts to the social assistance programs that are part of the government's overall deficit reduction plan. First, we just wanted to state that we do not agree with the government's focus on deficit reduction. Like families and individuals, we recognize the province cannot continue to spend beyond its revenues without running the risk that the cost of servicing an ever-increasing public debt will eventually make it impossible to meet public needs. However, we do not agree that the proposed cuts to social assistance will in any way contribute to deficit reduction, and for that reason, among others, we ask that that the government remove this component from its effort to rein in the deficit.

We ask you to consider the following points:

It's estimated that the freeze on rates and cuts to certain benefits—Ontario Works and Ontario disability—considered in isolation might reduce projected government expenditures in this area by \$130 million per year. But you cannot look at these cuts in isolation. These cuts will increase the level of poverty already being experienced by those dependent on financial assistance, and it is well accepted that poverty generates costs to society well beyond the costs of providing financial assistance.

For example, our clients are already disproportionate consumers of physical health services. Cuts to social assistance, which is already 60% below what it was in 1995, will make it even less likely that our clients and their children will be able to eat adequately or live safely. Thus, it will be even more likely that they will experience physical health problems that will cost the overall system money.

Our clients and their children are already disproportionate consumers of mental health and addiction services. Cuts to financial assistance can be expected to increase the already high level of despair experienced by our clients, and this will result in an increase in the level of need for mental health and addiction services.

Our clients are already disproportionate consumers of mandatory child and family services. A decrease in their ability to provide for their children can be expected to result in increased levels of family dysfunction and breakdown and therefore in increased rates for high-cost child protection and family court intervention.

Our clients are already disproportionately attracted to petty crime as a means of making ends meet. Cuts to financial assistance can be expected to result in increased policing and court costs.

The children of our clients are already disproportionate consumers of remedial services in the schools due, for example, to developmental delays that result from growing up in poverty. Cuts to social assistance can be expected to increase the cost of remedial services in the schools.

At the same time, in a society that increasingly frets over a growing lack of skilled workers, it is very short-sighted to spend money on immigration and migrant workers and not at the same time invest money in people living in poverty who are a significant pool of needed labour that is already here.

But people who live in despair are less able and increasingly less likely to take advantage of employability development services that are provided by Ontario Works delivery agents and other government-funded agencies. As the level of despair increases, people are caught up in simply trying to meet their very basic needs by whatever means. The effort involved in dealing with physical and mental health issues, addictions, going back to school, taking job skills training and pounding the pavement to look for work takes a back seat to simply surviving day to day.

In our experience, it is only when people are able to fulfill their basic needs for food, clothing and adequate shelter that they gain hope and begin to turn their attention, with our help, to dealing with the personal and situational barriers to employment and self-sufficiency that they experience.

Up to now, social assistance delivery agents have been able, to some extent, to compensate for increasingly inadequate basic shelter and child benefit rates—which, because of the Harris government's 22.5% rate cut and inflation, are now almost 60% less in purchasing power now than they were in 1995. This has been accomplished by using the mandatory community start-up benefit and the health-related discretionary benefits to cover client costs that simply cannot be covered from a client's basic benefits without grave consequences in terms of inadequate nutrition and unhealthy living conditions.

For example, we currently use these benefits to keep the power and heat on in a home when these are about to be cut off, because a client has had to choose to feed and clothe his or her children rather than paying for utilities in a given month. We use these benefits to ensure a client is not evicted when he or she has had to choose to buy food and warm clothing for their children rather than keeping up with the rent. We use these benefits for health and safety reasons, to ensure that a broken furnace, leaking plumbing, a backed-up septic system, broken stove, broken refrigerator, leaky roof or broken window is fixed when it needs fixing. We use these benefits to ensure that a client can get to a needed medical appointment or a job interview. We use these benefits to help a client relocate to go to school or to take training to take up a job.

In particular, we use these benefits to ensure that any woman who has left an abusive relationship and taken refuge in a women's shelter gets the help she needs to establish a new residence. With these cuts, many such women will have no choice but to return to that abusive situation.

The loss of the community start-up benefit and the proposed cap on health-related discretionary benefits will remove approximately \$450,000 from our clients alone, a very significant drop—80%—in our ability to ensure that their basic needs are met.

In essence, the benefits that are about to be cut are the difference between hope and despair, and without hope, there is no possibility that we can effectively work with our clients to help them become more employable and, ultimately, in a job.

It is worth noting that unlike tax breaks given to the wealthy and corporations, you can be assured that every penny of financial assistance goes back into the economy as food purchases, clothing purchases, rent and utility payments and repairs. None of it stays in the client's pocket or goes into an offshore savings account.

Finally, it is not just the cuts that we are concerned about. The government has also signalled that it may well remove the innovative employment development component of the social assistance program and turn responsibility for this work over to other agencies, such as Employment Ontario and the education system, in order to somehow save money.

We believe that such a move is wrong. A very large proportion of those dependent on financial assistance have what are best called pre-employment needs. Before these people can be expected to succeed in educational upgrading and job-specific skills training provided by other agencies, they must first address many basic issues associated with poverty: illiteracy, mental health issues, addictions issues, lack of self-esteem, weaknesses in basic life skills etc. In our experience, the effort to address these issues is best done by those working at the grassroots level. The capacity to address these issues should remain with us.

In our view, a view shared by many others, there will be no \$130-million saving in the overall cost of public services that will be accessed by those whose degree of poverty and despair will simply be increased by this amount. Health, mandatory child protection, policing and court costs, just to name a few, will all rise significantly and more than offset this entirely apparent saving in very short order.

The fact that government has belatedly announced that it will increase by 1% rather than freeze rates makes little difference. An increase of \$5 to \$10 per month in a client's benefits is insignificant.

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In our view, it would be better for the economy and ultimately for deficit reduction to invest at this time in making poverty history rather than increasing poverty.

The Chair (Mr. Bob Delaney): Just as a reminder, you've got a little less than a minute to go.

Mr. Alan Ozawanimke: Yes, I'm just about completed. Thank you.

In our view, it would be better for the government to at least wait to hear from the social assistance review commission before taking any action on the social assistance system.

In our view, it would be politically very easy to simply remove these cuts from the budget—it would not be noticed. And \$130 million is but a tiny fraction of 1% of the deficit and is in any case, as argued above, not a real cut, except for those dependent on financial assistance and already living in unacceptable and morally unconscionable poverty.

We ask you to please stop the cuts.

The Chair (Mr. Bob Delaney): Thank you. Ms. Piruzza.

Mrs. Teresa Piruzza: Alan and Elizabeth, thank you very much for coming forward with your presentation. We have the written comments, as well, of what you've gone through.

Interjection.

Mrs. Teresa Piruzza: Oh, sorry. I guess they can't hear me.

Just before I go on with a couple of questions or some comments that I have for you, just so you know, my background before I was elected, which was just this first time in October, I was the director of employment and social services for the city of Windsor, so I was the OW administrator for the city of Windsor and Essex county—very familiar with what the programs are and really with the developments that have occurred over time. In fact, what I've seen through this government over the last eight years are a number of steps that have gone towards eliminating poverty.

Are we all the way there yet? No. Is there more to be done? I would agree with you, there's more to be done. However, I think this government has certainly come a long way with respect to gradually increasing rates—the Ontario child benefit, changes in terms of income tax and various other elements—just so you know kind of where my background is. When you speak about CSUB, when you talk about some of those programs, I'm intimately familiar with what those programs are.

But one of the elements I'm familiar with, too, is that the delivery of Ontario Works in municipalities is somewhat different with the delivery of Ontario Works on-reserve as well. The question is that some of the changes that we're going to be seeing off-reserve may not be applicable on-reserve as well. Do you have any comments with respect to that, in terms of the difference between off-reserve and the applicability of Ontario Works and some of the changes on-reserve?

Mr. Alan Ozawanimke: Elizabeth Richer is our director of Niigaaniin services, and she'll respond. Thank you.

Ms. Elizabeth Richer: Is this on? Can you hear me? Oh, okay.

There's a large difference because when you live in the municipality like Windsor, as you're aware, there are agencies that provide services in a municipality. On a First Nation, we're the only stop, so we don't have access to a lot of the agencies; nor are there a lot of the agencies in our urban centres that surround eight of our communities.

Community start-up, as you were talking about, health-related and non-health, is roughly about \$458,000 we spend within eight communities. Once those benefits are cut from social assistance, our people will have no place to go because there are a lot of services that are not provided on-reserve.

Mrs. Teresa Piruzza: My understanding with respect to the CSUB program is that the delivery of these services won't be impacted, again, on-reserve as they are off-reserves and that in fact the ministry is currently in

consultations with respect to the handling of CSUB. Are you familiar with that?

Ms. Elizabeth Richer: Jeff Butler from the Ontario Works branch is the director, and he's in consultation—it hasn't started yet—in regard to community start-up. Community start-up is a very small portion. We spent \$172,561 last year. However, we spent \$434,023 in health-related. By merging health-related and non-health to \$10 a person, that's going to significantly lower our budget. Our budget will probably be roughly about \$67,000 where we've spent \$434,000 previously.

Mrs. Teresa Piruzza: So with respect to the discretionary benefits is more what you're discussing—

Ms. Elizabeth Richer: Yes, the health-related and non-health.

Mrs. Teresa Piruzza: —because much of your submission was with respect to the CSUB. So specifically, you're really talking about the discretionary health and non-health-related discretionary benefits.

Ms. Elizabeth Richer: Correct, which is also reimbursed to the province from the federal government.

Mrs. Teresa Piruzza: That, then, comes to the next section that I wanted to ask you about too, and that is that element of the federal support. Minister Wynne, the minister responsible for aboriginal, of course has been very supportive and I know has spoken with a number of reserves and has gone out to visit and has consulted. What level of support or what more can the federal government be doing in terms of supporting you as well?

Ms. Elizabeth Richer: Well, we have the 1965 Indian Welfare Agreement. We're the only province with that agreement. The province sets the standards and Canada reimburses the province 93% of the 80% that they spend.

Mrs. Teresa Piruzza: And that's specifically on social assistance, so on Ontario Works?

Ms. Elizabeth Richer: That's specifically for social assistance, yes.

Mrs. Teresa Piruzza: What would be your comments with respect to affordable housing or any type of housing strategy?

The Chair (Mr. Bob Delaney): And those will have to be very brief comments.

Ms. Elizabeth Richer: Okay. The affordable housing, the social housing on-reserve—we have the highest rents; we have market-value rents. The average three-bedroom home in our communities is roughly about \$750 when their basic shelter is about \$627.

Mrs. Teresa Piruzza: That's an area, then, in terms of provincial-federal discussions that can entail in terms of housing, which would then assist with respect to the amount that you receive through assistance as well?

Ms. Elizabeth Richer: Yes.

The Chair (Mr. Bob Delaney): That is where we will have to terminate it today. Thank you very much for having come in and to have shared your thoughts with us.

Ms. Elizabeth Richer: Thank you.

Mrs. Teresa Piruzza: Thank you again.

COLLEGE OF EARLY CHILDHOOD EDUCATORS

The Chair (Mr. Bob Delaney): Our next presentation is the College of Early Childhood Educators, Darlene Edgar and Sue Corke. Thank you for joining us today.

Ms. Darlene Edgar: Thank you very much for the opportunity. I'm Darlene Edgar. I'm vice-president of the council of the College of Early Childhood Educators.

The Chair (Mr. Bob Delaney): Just before you plunge right into it, just to remind you, you'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will come to you from the opposition. One of you has stated your name for Hansard. Please state both names and then proceed.

Ms. Darlene Edgar: I'm here today with Sue Corke, who is the registrar of the College of Early Childhood Educators. I am a very proud registered early childhood educator, and I'm here on behalf of the college to thank the provincial government for its commitment to quality early learning and care for Ontario's children.

The College of Early Childhood Educators is the regulatory body for early childhood educators in Ontario. It was established by the Early Childhood Educators Act of 2007. Our mandate is to serve and protect the public interest through self-regulation of the profession of early childhood education. Since 2008, the college has registered more than 38,000 early childhood educators, which is a good-news story.

Registered early childhood educators plan and deliver inclusive, play-based learning and care programs for pre-school and school-aged children. They work in a variety of settings, including child care programs, before- and after-school programs, full-day kindergarten, special education and intervention programs, family resource programs, home child care programs and in health care settings.

We are committed to our mandate, and the college's ability to serve and protect the public interest relies heavily on a workforce made up of registered early childhood educators who are engaged. An engaged workforce requires the support of a quality-focused child care sector.

The government's 2012 budget allocation of \$242 million through the Ministry of Education to stabilize the child care sector during the transition to full-day kindergarten is a strong commitment to quality. The government's commitment to the implementation of full-day kindergarten across the province by 2014, despite a Drummond report recommendation to cancel the program, is the right decision. An investment in Ontario's early learners is the right decision for the future of our province.

Dr. Charles Pascal, in his 2009 report *With Our Best Future in Mind*, pointed to early childhood educators as the professionals who have the skills to take early learning to the next level in Ontario. Like Dr. Pascal and the province's more than 38,000 early childhood

educators, the government of Ontario recognizes the important role early learning has to play in the futures of Ontario's children.

We know that early childhood education significantly impacts on brain development during the early years of life, specifically between birth and six years of age. In the recently published Early Years Study 3, Dr. Fraser Mustard and his colleagues demonstrate just how important the environmental interactions between an adult and child are to our young learners. We know that those interactions influence neural pathways for language and higher cognitive functions.

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Real-time benefits of play-based learning are already apparent in children attending the full-day kindergarten program, including improvements in the areas of literacy, art, awareness of self and those around them, and leadership. Ontario's full-day kindergarten model is a big step forward in early learning, and the College of Early Childhood Educators commends the government of Ontario for its investment in this program and Ontario's children in the face of enormous fiscal challenges.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: We have no questions.

The Chair (Mr. Bob Delaney): Okay. Thank you for having come in to share your thoughts today.

Ms. Darlene Edgar: That was easy.

The Chair (Mr. Bob Delaney): It's never all that hard.

ONTARIO HARNESS HORSE ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is going to be from the Ontario Harness Horse Association. Good afternoon and welcome.

Mr. Brian Tropea: Good afternoon.

The Chair (Mr. Bob Delaney): You'll have up to 10 minutes to present your remarks, followed by up to five minutes of questions. This round of questioning will come from the NDP. Please begin by stating your name for Hansard, and then continue.

Mr. Brian Tropea: Mr. Chair, honourable members of the committee, thank you for the opportunity to contribute to the democratic process by appearing before you today for this important consultation. My name is Brian Tropea. I'm the general manager of the Ontario Harness Horse Association, and it's my pleasure to speak to Bill 55, Strong Action for Ontario Act.

OHHA is the largest horse persons' organization in Ontario representing the standardbred industry. The association was formed in 1961 to represent the interests of those who are involved in the standardbred racing industry. We currently have approximately 3,500 members and are comprised of a board elected by our members.

Given the full schedule of your committee and our time constraints, I shall speak directly to the question at hand: How will the proposed budgetary changes to the

slots-at-racetracks program affect the standardbred industry and our members?

The economic impacts of our industry have been well documented in multiple reports, some commissioned by the government and some by industry organizations. We have provided the clerk of the committee with copies of various reports for your perusal. Without going through the reports in detail, they are consistent in their findings that the racing industry's contribution to the provincial economy is measured in billions of dollars.

A good extent of our growth since 1998 is as a direct result of the slots-at-racetracks program. The 10% of the revenue that the horse people receive goes directly into purse pools, or the money that the horses compete for. This increase in purse pools results in an increased demand for horses, which in turn drives the demand on Ontario breeding farms, allowing them to expand and invest. Our sire stakes program requires horses that are bred in Ontario. It is generally accepted that the Ontario program has become the global model, thus further enhancing our breeding industry.

As more horses are bred and raced in Ontario, it expands the economic envelope to include Ontario farmers who supply the industry with hay, grain, straw and other necessities. There is increased work for farriers, blacksmiths, grooms, trainers, drivers and many other related occupations. There are increased opportunities for vets and manufacturers of racing equipment, from harness to jog carts and race bikes. There is an increased demand for vehicles, including trucks and trailers manufactured here in Ontario. The businesses that benefit from racing include local sawmills, who supply sawdust and wood chips for bedding, boards for fencing and materials for stables and other structures.

The list of occupations and businesses that rely on horse racing is exhaustive, and this is only a short summary as there are too many to list. As a result of this increased economic activity, the economic envelope widens again to encompass the small-town merchants who rely on this economic activity to sustain their enterprises.

The 32,000 full-time jobs—60,000 in total—as happen mainly in rural Ontario, are an economic pillar for rural Ontario and make use of and create the pastoral landscape that has a direct connection to our tourism product.

I also want to speak of the intangible benefits. It's a way of life that has been part of our history and culture for generations. While it may not be everyone's ideal vocation, it is for the tens of thousands of individuals who rise at dawn and often only rest well after dusk to care for and raise these magnificent horses.

While debating Bill C-7, An Act to amend the Criminal Code as it relates to parimutuel betting in 1989, Don Mazankowski, then the Deputy Prime Minister, President of the Privy Council and Minister of Agriculture, had this to say: "The horse racing industry is labour intensive. It employs many skilled and unskilled workers, many of them in rural areas. As I said earlier, there is a commitment to this industry by many people and a love of the

industry on the part of those that are involved in it. To them, it is more than simply a job. These jobs would be extremely difficult to replace if ever lost. As I said earlier, we are not only providing the potential for the creation of new jobs, but we are in fact ensuring the preservation of existing jobs. We believe that the creation of teletheatres will protect these existing jobs as well as create new employment within the industry. As I said earlier, we are not only preserving an industry but indeed promoting it. We are helping it along and providing the assurance that jobs will be maintained and created. As well, in strengthening this industry, we are in fact preserving a bit of Canadian culture, something that is quite fundamental to Canadian life.”

There is not a day that goes by where our members are not relaying conversations they have had with people in the rural parts of the province who fail to understand the logic behind the government announcement concerning the industry. People are very concerned—“afraid” is not too strong a word—about the uncertainty that this policy announcement has created. Will they have a job? Will they be able to pay their bills? Can they pay their mortgage? Will they have to depend on government social programs to sustain their families?

When the slots-at-racetracks program started, OHHA was at the table. We fully understood that this would be increased competition for our industry. But we are more than a horse persons’ organization; we are also productive, responsible citizens of Ontario. We understand that governments face fiscal challenges in providing public services that all citizens desire and rely on; such was the case when the program was introduced. There was not majority public support for additional gaming venues outside of racetracks that were seen by the public to be acceptable places for slots because of decades of parimutuel wagering. Realizing our increased competition from slots, we were partners to the agreement that would see 10% of the slot revenue go to horse people to supplement our purses. The original agreement also had the goal of increasing economic activity in rural Ontario through the growth of our industry. The revenue generated for the horse racing industry is largely earned by Ontarians and reinvested in Ontario. The agreement has been beneficial to all parties, including the provincial government.

Mr. Chair, we believe it is important for your committee to understand this. This was a partnership that we agreed to as a means to support growth in government revenues. This was not a subsidy to our industry.

We believe the original objectives have been partially achieved as they relate to the growth of the industry and the growth of the economy in rural Ontario. There is ample evidence in the reports we have provided, and one only has to take a drive in rural parts of the province to see the reinvestment by horse people in farms, training centres, and other aspects of industry infrastructure. The horse racing share of revenue has been reinvested back into the Ontario economy. OHHA struggles to understand how allowing international casino companies to run

gaming and take profits out of the province could compare with the obvious benefits of the current model.

Is the program ideal? In our opinion, the answer is no. As an organization, we stated such in response to the Sadinsky report commissioned by the government in 2008. The report, which OHHA asked the government to conduct, called for significant change to the role of racetracks and the Ontario Racing Commission, the body that regulates the sport in Ontario. We had concerns then, as we do now, about the role of the ORC and the obligation of the racetracks to live up to the terms of the original agreement. The Sadinsky panel—Stan Sadinsky, Jane Stewart and William McDonnell—met with all interested stakeholders during their preparation of the report. They reviewed the roles and operations of all organizations and made specific recommendations to address what they determined were flaws in the way that racing was being conducted and managed at that time. OHHA has continued to lobby for the implementation of the recommendations made by the Sadinsky panel, to no avail. OHHA believes that the panel offered an opportunity for the industry to be in greater control of its future while at the same time offering more transparency to government on the use of funds generated by the slots-at-racetracks program.

The Sadinsky panel had this observation: “The panel fully supports the continuation of the slots-at-racetracks program at a minimum level of 20% of the revenue generated from slot machines at the racetracks. However, we also recommend that the program be adjusted to better meet the objectives of enhancing wagering on Ontario product and enhancing the breeding of Ontario racehorses.”

The panel also had this to say: “Now, the time has come for the government of Ontario to reaffirm its commitment to the industry but not just in economic terms. With the creation of this panel, the province is seeking assistance for the industry once again by mapping a vision and direction for a strategic plan designed to ensure the industry’s long-term viability and sustainability. In our view what is required is a new framework for governance, regulation, economic success, innovation and social responsibility.”

And finally, the panel observed that: “Ontario is home to a world-class horse racing and breeding industry. It is the largest horse racing jurisdiction in Canada and the third largest in North America. It is an industry of which the province is justifiably proud. A significant reason for this pride is the valuable and considerable impact the industry has on the Ontario economy, most particularly the province’s rural economy.”

1440

Racetracks have the responsibility under their siteholder agreements to refurbish the infrastructure of racing and to market and promote the sport. Many racetracks have reduced live racing opportunities for horsemen and collectively have not met the obligation to refurbish infrastructure. Despite the requirement under the siteholder agreements for benchmarks to be de-

veloped through Ontario Lottery and Gaming to be able to review and assess the program on an annual basis, these benchmarks were never developed. OHHA views this as a major flaw in the original agreements.

The Chair (Mr. Bob Delaney): I just have to remind you that you've got a little less than a minute to go.

Mr. Brian Tropea: Okay.

When Mr. Drummond in his report asked that the program be reviewed from a value-for-money perspective, he did not say to scrap the investment in the industry.

Does OHHA believe a review is warranted? Absolutely. We believe that a thorough review of the industry and the economics surrounding the industry will demonstrate the importance of working with it to ensure its long-term sustainability. While a review should be a healthy exercise, let's not destroy an industry and a way of life until that review has been completed. This is not what Mr. Drummond recommended, and we believe this is not what this committee and our elected representatives want.

I want to leave you with one final quote from the Sadinsky report. It states: "In summary, the industry makes a critical and vital contribution to the economic and employment health of rural Ontario. Ensuring its preservation and continued development makes good economic sense for the province as a whole."

Let's work together to form a new partnership for our industry in Ontario to ensure its sustainability and continued economic contribution to our great province.

The Chair (Mr. Bob Delaney): Thank you. Ms. Campbell.

Ms. Sarah Campbell: I'll start off with a couple of quick questions and then I'll leave it to some of the other members from the NDP to ask some questions as well.

In terms of your ask, I know that the Woodbine Entertainment Group—WEG—asked that the horse racing and breeding industry be provided with sufficient notice with respect to any change to the slots-at-racetracks program so that it will be in a position to develop comprehensive business plans to address these changes in a professional and considered manner. They also ask that the proposed ending of the slots-at-racetracks program not go forward until a detailed analysis of the economic impact is completed by the joint government-industry panel. Is that something that you would support?

Mr. Brian Tropea: Yes, we would support that position.

Ms. Sarah Campbell: Do you think that there will be enough time for the joint government-industry panel to complete their work before this decision will be implemented?

Mr. Brian Tropea: I would hope so. There has already been significant economic harm to the industry: the fact that a lot of people have made business decisions based on the fact that they understand that the revenue-sharing agreement is ending. So I don't think there's enough time to turn back time and make those people whole again, but hopefully we haven't waited too long.

Ms. Sarah Campbell: Go ahead.

Mr. John Vanthof: You mentioned—thanks for coming, by the way, Brian. You mentioned at the outset that your organization was at the table when the program was initially created. As a business, and as a business arrangement with the government, did you have any more notice than what the general public had that your world was about to be turned upside down?

Mr. Brian Tropea: No. I actually got a phone call from the OLG as they were making the announcement.

Mr. John Vanthof: Also, you mentioned a couple of studies, one in particular: that the government commissioned the Sadinsky report.

Mr. Brian Tropea: The Sadinsky report, yes.

Mr. John Vanthof: In that report, and as well in the Drummond report, there was no red flag that said that the horse racing industry is a burden on the government and it has got to be changed.

Mr. Brian Tropea: No. Correct.

Mr. John Vanthof: This panel that was just recently announced: With the money that—I believe it was \$50 million that was proposed. Realistically, is the time-frame—can this panel do as much as if a panel like this had been created with a two-year window of looking at the industry and moving forward?

Mr. Brian Tropea: No, I don't believe so. I think that if there had been a panel that was developed to look into the implications of the adoption of the recommendations by the OLG, they never would have made them and certainly they wouldn't have been throwing out a number of \$50 million over three years, because that doesn't get us anywhere close to a sustainability number.

Mr. John Vanthof: Thank you.

Mr. Paul Miller: Obviously, this decision has had a negative impact. I would also like you to explain, if you could, about the secondary industries and the other support industries that support the racing industry in Ontario that would be adversely affected by this decision. Your first estimates were that roughly it could have a negative impact on 60,000 people in rural Ontario. That number goes up significantly, counting the secondary industries. Would that be a fair statement?

Mr. Brian Tropea: Absolutely. The Ontario Equestrian Federation has come out publicly in support of the horse racing industry because the decisions that affect the horse racing industry have a trickle-down effect on all the sport horses and pleasure horses as well.

Mr. Paul Miller: Is it your opinion that a lot of these beautiful animals will have to be put down because people won't be breeding any more and it becomes a financial burden to any race owner or farmer that develops horse racing? Do you believe that a lot of these animals won't find a home and they'll have to be put down?

Mr. Brian Tropea: Unfortunately, I do believe that, yes.

Mr. Paul Miller: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for having come in today and for sharing your thoughts with us.

Mr. Brian Tropea: Thank you.

The Chair (Mr. Bob Delaney): Is the Canadian Life and Health Insurance Association in the room? Apparently not.

As we, at the moment, lack a group to make a presentation, this committee will be in recess—and this time I will get it right—until 2:55 p.m.

The committee recessed from 1447 to 1456.

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION

The Chair (Mr. Bob Delaney): Okay. We are right on the revised schedule. Good afternoon and welcome back. We're here to resume our consideration of Bill 55.

Our next presentation is the Canadian Life and Health Insurance Association. Do come up and have a seat. Make yourselves comfortable. You will have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning in the rotation will come from the government. Begin by stating your name for Hansard and proceed.

Mr. Frank Zinatelli: My name is Frank Zinatelli. Thank you for this opportunity to appear before you today. I'm vice-president and general counsel of the Canadian Life and Health Insurance Association. As I indicated, I would like to thank the committee very much for this opportunity to contribute to its review of Bill 55, the Strong Action for Ontario Act (Budget Measures) 2012; in particular, the amendments to the Insurance Act that are set out as schedule 31.

I'd like to begin by introducing my colleague Jodi Skeates, senior counsel with the association, where she focuses on insurance issues. With your permission, Chairman, we would like to make some introductory comments.

The Canadian Life and Health Insurance Association represents life and health insurance companies accounting for 99% of the life and health insurance in force across Canada. The Canadian life and health insurance industry provides products that include individual and group life insurance; disability insurance; supplementary health insurance; individual and group annuities including RRSPs, RRIAs and TFSA's; and pensions. The industry protects more than 26 million Canadians and over 45 million people internationally.

The life and health insurance industry makes benefit payments of \$31.6 billion a year to Ontario residents. It has \$212.4 billion invested in Ontario's economy, and it provides employment to over 62,000 Ontario residents. Eighty-seven life and health insurance providers are licensed to conduct life and health insurance in Ontario, and 61 of them have their headquarters in the province.

We welcome this opportunity to appear before the committee as it seeks to develop its report to the Legislature. The main message we would like to convey is that the life and health insurance industry supports schedule 31 of Bill 55. But we also believe that a few of the provisions need some tweaking and that schedule 31 should also address a few other matters of importance to the life and health insurance industry.

Ms. Skeates will now comment briefly on some of the key aspects of the bill from our perspective.

Ms. Jodi Skeates: Thank you, Frank. We note that schedule 31 would update parts V and VII of the Insurance Act, which govern insurance products issued by life and health insurance companies in the province. These parts govern a wide variety of contractual matters.

There has not been a complete revision of part V or VII since 1962 and 1970, respectively. As a result, the current provisions have not kept pace with changes in the marketplace and its evolving needs, including new products, new sales and delivery methods, and new technologies, as well as more sophisticated insurance consumers and insurance industry practices. In order to continue to be effective, these provisions of the Insurance Act need to be brought up to date, and we are pleased to see that schedule 31 accomplishes this to a large degree. The updating of the Insurance Act will allow consumers and insurers to operate under modern legislation.

The amendments in the bill will bring greater disclosure and strengthen the rights of insurance consumers in Ontario. For example, persons covered under group insurance will have the right to obtain a copy of a group insurance policy; an insured will have additional time to reinstate his or her individual insurance contract without evidence of insurability; and if a policy were to restrict the consumer's ability to designate a beneficiary, the insurer will be required to advise the consumer by using a conspicuous, bold-type warning.

We note that the preponderance of the amendments to parts V and VII would harmonize the amendments to the insurance legislation being made or considered in other common-law provinces such as Alberta, British Columbia and Manitoba. CLHA is a strong advocate of harmonization and fully agrees with this approach.

It is important to have as much harmonization as possible in the life and health insurance legislation across Canada. This will ensure, for example, that an employer with employees in multiple Canadian jurisdictions can provide the same group coverage to its employees under a single group insurance policy and that consumers who move between provinces can expect and rely on the insurance laws of one province to be consistent with another's.

Our review of schedule 31 has identified two key instances where it is essential to strive for greater harmonization. The first relates to prescribed notification language and the second relates to statutory conditions in individual accident and sickness contracts. In addition to the advantages of harmonization noted above, greater consistency of these provisions would permit insurers to continue to use the same form of contract across common-law provinces.

We will now turn to three matters that we believe ought to be addressed in schedule 31. First, schedule 31 does not address electronic means of communication and insurance, including its use for designation of beneficiaries. This is an important matter in order for companies to be able to carry on business efficiently and as consum-

ers demand in a modern society. Secondly, we recommend that schedule 31 include a self-evaluative privilege provision to encourage the use by insurers of self-assessment compliance audits. This is an important matter for the industry, is supported by the Canadian Council of Insurance Regulators, and there are precedents in Alberta's Insurance Act and in the amendments to Manitoba's Insurance Act that are present before that province's Legislature.

Mr. Frank Zinatelli: Chairman, the third point that we would like to make relates to our belief that it is critically important to ensure that employees on long-term disability are protected in the event of a plan sponsor's financial stress or insolvency.

History has shown that when an employer becomes insolvent and its LTDB plan is uninsured, disabled employees can sometimes lose their benefits. The most recent example of this involves the disabled employees of Nortel, who now have to rely on government assistance to meet their needs.

Currently, Canadians have very little protection under the law to support ongoing LTD claims in the event of an employer's bankruptcy. We believe that the best route to address the protection of those on LTD is to require that all LTD plans be offered on an insured basis. This provides the maximum protection for disabled employees and ensures that they are paid regardless of their plan sponsor's financial situation.

With ensured plans, the risk and financial liabilities for providing the LTD benefits are transferred to the insurer. The insurer's responsibility with respect to disability benefits continues, even when the plan sponsor experiences financial difficulties or after the plan is terminated. Indeed, after a plan sponsor's bankruptcy, the insurer will continue benefits for disabilities that began while the group policy was in force.

The federal government is taking action to address this issue under the Canada Labour Code in a bill that is now before Parliament. The amendments would require federally regulated private sector employers that provide benefits to their employees under long-term disability plans to insure those plans, subject to certain exceptions. Since the federal provisions only apply to companies under federal jurisdiction, such as banks, transportation and communication companies, this means that to truly solve this ongoing problem, provinces must pass their own legislation requiring that all LTD plans be offered on an insured basis. We strongly recommend that Ontario do so.

To conclude—

The Chair (Mr. Bob Delaney): You've got about one minute to go.

Mr. Frank Zinatelli: To conclude, Chairman, the industry greatly appreciates this opportunity to participate in the committee's review of Bill 55, Strong Action for Ontario Act (Budget Measures), 2012. Once again, we would like to reiterate that the life and health insurance industry supports schedule 31 of the bill, but as we have noted, we also believe that a few of the provi-

sions need some tweaking and that schedule 31 should also address a few other matters of importance to the life and health insurance industry.

We would be pleased to answer any questions that you may have. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you very much, and thank you for taking time out this afternoon to present to us with respect to Bill 55. In going through your presentation, your presentation was specific to schedule 31, or the Insurance Act and the recommended amendments that are in that area.

Now, from your remarks, I understand you're supportive of the general direction that we're going with respect to the amendments that are currently in the bill but would recommend a couple of tweaks, I guess, as you call them, to that act. Now, you've listed three of them in your presentation, essentially. Are those in order of preference or, if you were to look at the three, how would you prioritize those areas?

Mr. Frank Zinatelli: If I were to be looking at those, probably the one that would strike me the most is the one relating to protection for LTD individuals. That is the one that affects a small group of people, but it has happened three times in the last three decades. You know, we don't want to go and find ourselves in a similar situation another decade from now, if it keeps going on that average. So I think that would be the one that, to me, would be most important.

The one that would probably be more significant in another way and would have more effect is that the world is moving very much towards the use of electronic communications etc., so that would perhaps have a more pervasive effect, and it's something that consumers are demanding. That one is different, but I would rate that maybe as number two, let's say.

Mrs. Teresa Piruzza: Okay. Now, with respect to the electronic, just a little bit more on that in terms of what element—would it be the electronic submission of applications, of beneficiaries? Give us a little bit more information in terms of that recommendation.

Mr. Frank Zinatelli: Maybe I'll start that and maybe my colleague Jodi can assist.

Generally, we are talking about being able to make beneficiary designations electronically. One of the things that happens right now in the market is that companies can do—well, any organization, effectively, under the electronic commerce legislation. You can do most things in an electronic format, but then, in our industry, because you can't do a few pieces electronically, you kind of have to use paper as well.

So the consumer comes to us and says, "We're doing everything else that way. Why can't we just streamline and be efficient and effective that way?" But, of course, we do like to follow the law, and we do, so we're looking for that adjustment.

Mrs. Teresa Piruzza: Fair enough, okay. I think that clarifies it.

Ms. Jodi Skeates: Certainly it would just be an additional linkage to clarify that the Electronic Commerce Act in Ontario is a piece of legislation to which the Insurance Act can be applied; that would resolve any issues relating to the exclusion of wills or testamentary-type documents under the Electronic Commerce Act.

Mrs. Teresa Piruzza: Okay, those are all the questions I have. Thanks again for coming.

The Chair (Mr. Bob Delaney): Thank you very much for your time in coming in to share your thoughts with us. Have a good day.

Mr. Frank Zinatelli: Thank you, Chairman.

Ms. Jodi Skeates: Thank you.

ONTARIO COMMUNITY SUPPORT ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation will be the Ontario Community Support Association.

Take a seat and make yourself comfortable. You'll have 10 minutes to give your submission to the committee. There will be up to five minutes of questions. This rotation of the questioning will come from the official opposition. State your name for Hansard and proceed.

Ms. Lori Holloway: Good afternoon. My name is Lori Holloway. I'm the chief of operations for the Ontario Community Support Association. I'm here to speak on behalf of a network of 500 organizations that have the man and woman power of 25,000 staff and close to 100,000 volunteers who provide community support services and home care to close to a million Ontarians per year. These are the services that help seniors and people with disabilities live at home. Some of these agencies have contracts to provide services on behalf of the CCAC, but they are all separate entities and the vast majority of them have a direct funding and accountability relationship with the local health integration networks.

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Thank you for the opportunity to provide advice and consultation on the 2012 proposed budget. As a voice of care in the community, we believe home and community support agencies are ideally qualified to meet the growing community care needs of Ontario's aging population in a very cost-effective manner.

We wish to thank the government for the significant recognition bestowed upon the home and community support sector this year. The health action plan was very thoughtful in laying the necessary groundwork to provide better care and better value for our health care dollars by improving capacity in home and community care. The 2012 budget funding commitments for the sector is a specific and positive step forward.

For the government to instill public confidence in the community sector and to deliver on the promise of value for money and better care, it is imperative that you become aware of some important considerations that my organization has identified. If the health action plan is a road map for creating a system that delivers on health

care in a smarter and more effective way, the budget is the enabler of that action to take place. Measures to enhance capacity, including increasing investments in our sector, are welcome, but it is the implementation of the funds that determines how effective the government will be on delivering this health action plan.

During the next few months, the government will grapple with some key policy changes, including expanding the mandate of the local health integration networks, including primary care planning into the network, launching of house calls, a senior care strategy and reviewing how we procure our home care services. Where the government ultimately lands will have a profound impact for how Ontarians access care.

The time to act is now. Over the next weeks and months ahead, we believe there is significant opportunity to reshape how Ontario's health system operates. That's how we empower community organizations to take an expanded role and avoid duplication of services. We would like to see us resist the habit of focusing our spending on the most expensive parts of the health system first. How do we do that within this budget? We have some recommendations for you to consider.

A 4% budget increase commitment for the community sector for three years is wonderful news, and it helps Ontarians receive care at home. However, no community agenda can be successful without honest recognition of the sustainability challenges we have in the community sector. We're dealing right now with wage disparity and a lack of funding for infrastructure. To deal with this, we highly recommend the LHINs direct at least 1.5% of the 4% commitment each year for the next three years to base funding for those agencies to deal with the growing gap.

A significant plan and monitoring process should be set up to make sure that new money gets to the front-line delivery of home care. Home care providers have been given early warning signs from the CCACs that no new money will be available for rate increases when, for example, the sector has already been held to two years of wage restraint.

What does that mean? Personal support workers are leaving home care to go work at Tim Hortons, where hours, working conditions and benefits are much better. It's important that the implementation of the budget reflects the need to get as much resources to the front line as possible. We would like to see specific terms on how large, bureaucratic organizations like the CCACs will reduce duplication of service and get more resources down to the front line where they are needed most.

We recommend that the ministry and the LHINs think outside the box on home and community care investments that will deliver better value for their dollar. For example, the implementation of the community health coordinator concept, as it's described in the health action plan, should be rolled out based on the Waterloo Wellington geriatric service worker program. In the Waterloo Wellington LHIN, this model has demonstrated its effectiveness in avoiding unnecessary readmissions to

hospital, especially for individuals without a robust caregiver support network. Individuals who are hired in this geriatric service role are unregulated workers, which frees up nurses to provide more nursing care that is appropriate to their level of training and skill. A regulated health worker is not necessary for this role and is the most expensive option. A nurse in this role, in a CCAC, for example, is estimated to cost between \$90,000 and \$100,000 a year, whereas a geriatric service worker would cost \$40,000 and provide a better-coordinated experience for the client.

Our last recommendation is to expedite the commitment of three million new hours of home care to the home and community support sector. Our system is focussed on acute care and not chronic care, and that focus needs to change. We recommend shifting the delivery of homemaking and personal care for clients who have lower clinical needs from the CCAC to directly LHIN-funded home and community support agencies.

Changing the delivery model for these clients will reduce by 50% the public dollars required for each hour of homemaking and personal care that these specific clients receive, thereby doubling the amount of care provided with the current funding levels. Means-tested copayments represent a portion of the costs of service delivery that can be charged to those who can afford to pay. The total cost of services is borne 100% by the public when these services are only delivered by the CCACs.

Sticking with the status quo is tempting. Once the course is set, it becomes the path of least resistance. But other paths must be explored to reduce the burden of costs related to health care. The Ontario Community Support Association is calling for leadership and courage from government to make the changes necessary to provide value-based, quality services in the community.

We feel positive about the opportunities that are presented before us and look forward to working with you as our partners in transforming health care in the community. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much for your presentation. It's very refreshing to hear your comments with respect to, first, commending the government for the additional 4%, but also not having a fully developed policy or delivery model.

Last week, I met with Community Care Durham, celebrating volunteers and thanking the many people who develop the programs or help deliver the programs in the community. I was quite impressed with the remark you made on doing things differently. You referred to the LHINs and the CCACs as large bureaucratic organizations—hardly appropriate delivery agents for a new method.

I will get to a question here. In the last year or two, they've recognized the tsunami of the aging population, and they've changed from providing the traditional solution, which was long-term care. There's no long-term care. In fact, one of the persons I met with this week said

that the current average age for a person in long-term care is 85, and the length of stay is three years. They're changing it to a model—it's important for the media to get this—of 90-plus and a one-year length of stay. So this isn't chronic care; this is end-of-life care.

When you talk about adding three million more hours, we know the CCACs today do not have enough hours to fulfill the commitment of aging at home. What suggestions would you make—and you've made a couple. The geriatric care, for instance, was a good solution that you've added. What other ideas do you have? They're going to review the LHINs, the LHIN function and its scope of mandate. What suggestions do you want to leave with the committee?

Ms. Lori Holloway: On how the system could be more effective? How to get more care in the community?

Mr. John O'Toole: Yes.

Ms. Lori Holloway: I think the deficit creates a serious situation which requires serious consideration of all the alternatives available in the community that we have yet to tap into. For example, we have portions of community support services that are delivered by volunteers: friendly visiting, Meals on Wheels, pieces of transportation services, pieces of supportive housing. There are models beyond how we currently operate in Ontario. In Spain, for example, there's a huge reliance on the volunteer component to actually deliver health care services. For example, if you need an ambulance, and the ambulance can't get there in time, you can call a community support agency and a volunteer can take you to the hospital.

We have to really open our hearts and our minds to be serious about providing value-based health care, but health care that we can afford. It doesn't always have to be about acute-care professional services just to have a system that's responsive to everybody's needs.

Mr. John O'Toole: Thank you very much, Ms. Holloway. I would say to you that's the most innovative thing I've heard in the last number of days in these hearings, some of which I've watched in the office, some of which being here. But you're right: Health care right now, today, is consuming an inordinate amount of the budget, almost 50%. In real terms, it's probably more than that.

The Chair (Mr. Bob Delaney): You're going to have to sum that up into a question real quick.

Mr. John O'Toole: I commend you for your advocacy and encourage you to think and speak out more openly about the innovation that's required. If we keep doing what we've been doing, we're going to fail the seniors.

Ms. Lori Holloway: Absolutely, but we have to take the handcuffs off the providers. We have to allow the LHINs to do their job and allow integration and new programs to develop in the community. But the way we do it right now, it's stifling innovation.

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The Chair (Mr. Bob Delaney): Thank you very much for having come in. Good to see you again, Lori.

Ms. Lori Holloway: Thank you.

ONTARIO NORTHLAND GENERAL CHAIRPERSONS' ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is going to be the Ontario Northland General Chairpersons' Association. Please come forward. Have a seat, gentlemen. All the mikes work. You will have 10 minutes to make your remarks, followed by up to five minutes of questioning. The question rotation this time will come from the NDP. Please begin by stating your names for Hansard and then proceed.

Mr. Brian Stevens: All right, I'm Brian Stevens with the Ontario Northland General Chairpersons' Association and I'll be doing our presentation.

Mr. Brian Kelly: I'm Brian Kelly.

Mr. Ron Marleau: Ron Marleau.

Mr. Shawn O'Donnell: Shawn O'Donnell.

Mr. Brian Stevens: First off, we want to make good use of our time, and we appreciate this opportunity to have a few minutes with you to speak about our concerns from our members, our communities and from northeastern Ontario as they relate to this government's decision to divest Ontario Northland as some magic solution to deal with the provincial government's debt.

I think it's important that we just spend a few minutes explaining who Ontario Northland is. You'll see in our submissions that we spent a little bit of time identifying who we are in terms of our union bases with the Canadian Auto Workers union, the International Brotherhood of Electrical Workers, the Teamsters and the Steelworkers. We're not here just representing the labour organizations; we are here, in fact, working in concert with community leaders, the mayors' action group and the chamber of commerce in northeastern Ontario in this quest to have the Ontario government rethink its decision to divest all assets of Ontario Northland.

The ONTC was created back in 1902 and allowed for the construction of a railway north of North Bay up to Cochrane. Then in 1932, that rail line extended through from Cochrane into Moosonee to the shores of James Bay, where it was completed. The creation of this essential rail and eventual telegraph infrastructure allowed for mining and forestry companies to grow throughout northeastern Ontario, and it opened this section of the province up—and not just opened it up, but it also opened it up to the rest of the world to come and live and draw from the natural resources there to support itself. The ONTC, since these early days, has had its mandated services focused and expanded by provincial governments of every political stripe. We've done so often with little financial help from the provincial government, unlike other services in the province.

Today, Ontario Northland employs close to a thousand employees, and we're four of them. We just did a little math before we came in and we represent 124 years, between the four of us, of active service with Ontario Northland. We provide telephone and Internet services to the region's remote locations. We provide clean, efficient motor coach services to northern communities where the

private sector simply wouldn't do it. Our rail passenger division operates a six-day-a-week passenger service from Cochrane up into Moosonee. As well, we run a Northlander passenger train from Toronto to North Bay and North Bay up into Cochrane. That allows the rest of the region in the James Bay lowland to connect with the rest of the world.

It's interesting to note that just recently, the McGuinty government said that it would promise to refund GO Transit commuters if they were 15 minutes late, for being inconvenienced by 15 minutes, yet what he's done to the residents of northeastern Ontario is say, "We're going to cancel your train service completely." That's pretty abhorrent from our perspective as northeasterners, to somehow think that the passengers in southern Ontario—they deserve a good, safe, convenient inter-city passenger rail service, and so do we in northeastern Ontario.

Our rail freight division provides safe, efficient, flexible and reliable rail services to our freight customers in the region and allows them to compete with the rest of the world. Notwithstanding the economic crisis that saw itself develop in 2008, companies like Xstrata, NorFalco, Tembec, Lecours, Resolute Forest Products and Georgia-Pacific all rely on the services that we provide.

Then, of course, our rail coach refurbishment division is recognized by the industry as having one of the highest standards in the country in doing rail refurbishment work. In fact, Peter Lloyd, who was the manager of rail equipment for GO Transit at that time, now Metrolinx, said, "The quality of the cars being refurbished by Ontario Northland is top-notch, and the cars are absolutely stunning."

Now, it's clear today, following Minister Bartolucci's announcement back on March 23, that a 2010-11 decision by the provincial government not to award the GO Transit refurbishment contract to Ontario Northland but to let that go to a firm in Montreal was the beginning of the end for the ONTC. In fact, we believe the McGuinty government had already made the decision to divest itself of the services provided in the region, and they were going to do that come hell or high water as a result of Minister Bartolucci's announcement saying, "We're doing this because the Drummond report tells us we've got to do it, and we want to support what's said in the Drummond report." That announcement was pre-budget by a couple of days, but through all the budget discussions, Ontario Northland privatization or divestment has, in fact, been part of those discussions.

We do a little piece on the ONTC mandate. It's a complicated mandate, but it has served well the province of Ontario and it has served well the people who live and work in the region.

The investment—Premier McGuinty and Minister Bartolucci now call it a subsidy, but in fact it's an investment in northern Ontario. The return on investment over the same years that the provincial government, this government, contends it put in \$439 million—the net revenue to the province has been over a billion dollars. That's a pretty good return on investment.

In terms of comparing ourselves to elsewhere—the services we provide as an integrated passenger rail service in terms of what goes on in the rest of province in terms of Metrolinx—the amount of money that's provided to support the services of Ontario Northland disappears just by rounding off the finances that go to Metrolinx. Again, the greater Toronto area and the Hamilton area deserve good, solid, integrated passenger rail and passenger bus services, and equally so do the residents of northern Ontario. So the annual—we amortize it about \$48 million annually is a good return on investment.

What we're here to say is that the ONTC model works. It works very good. In terms of having this integrated passenger rail, passenger motor coach and telecommunications infrastructure, it works very well, because when one sector is down, the other is able to help cross-subsidize and maintain that service working. However, what is wrong is this constant impoverishing by the provincial government of the services.

We used to say it's because it was north of Highway 7. We've come to learn now that, really, anything north of Eglinton, let alone north of Highway 7, just doesn't seem to get any kind of response from this government. Anything north of Eglinton is out in the boonies, and shame on this government for doing that.

What we really want to say, in terms of just finishing up before we get to questions—hopefully we've got some time. Really, what we're looking for is a stand-alone corporation, very similar to what Metrolinx does. We made that suggestion to the provincial government back in 2003, and that's three years before Metrolinx was even given birth. The model is there, and it works as a stand-alone crown corporation where there would be experts in the telecommunication and transportation sectors. The current model now under the ministry—they really have a knowledge deficit in that ministry and simply can't grasp the services we do.

Minister Bartolucci's response was that he appreciated our suggestions and would give them full attention. We know now, based on March 23, how little attention he's given to our suggestions. He's saying that the Drummond report and the budget, as backdrops, say that they have to unload the ONTC and the services, and too bad for the communities that they serve. Somehow they'll connect with the rest of the world, or maybe everybody will move to Toronto and life will be great.

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What we're asking for is, we're calling on—we're recommending to this government that they quash section 28 of Bill 55, which deals with privatization. That would send a strong indicator of the province's desire to continue to support social and economic development in the north—

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute to go.

Mr. Brian Stevens: As well, we would also want to quash this pre-budget decision to host an ONTC asset sale and wind down all of the services provided for northerners by northerners.

Really, what we're asking for is a new deal for the ONTC. We've attached/appended a lot of the information on what we've been doing. It demonstrates the support that we have from the communities in northeastern Ontario. We hope you pay attention to our submissions and consider them in your deliberations. Thanks.

The Chair (Mr. Bob Delaney): Thank you. Mr. Vanthof.

Mr. John Vanthof: Thank you, gentlemen, for coming. I've just got a few questions, for the record. You mentioned the cost for transferring passengers for ONTC and the cost for Metrolinx. Just for the record, is there any passenger rail service in the province that isn't subsidized?

Mr. Brian Stevens: I can tell you from my work with the International Transport Workers' Federation that there's probably not a passenger rail service in the world—in the world—that is not subsidized in one way or another.

Mr. John Vanthof: Okay. My second question: I guess the stated purpose of this is to save money. That's what we're being told. We're divesting, or the government wants to divest, ONTC to save money. You four probably know the ONTC better than anyone else in a lot of rooms. In your opinion, is this going to save the government money?

Mr. Brian Stevens: No. I could speak just briefly—the only way it will save the government money is if they completely abandon the north. So the answer is, true, the government can save all kinds of money, but what they're going to do is sell it and wind it down.

The reason I can say that is I sat on the board at the ONTC when there was the wind-down of Star Transfer—and those assets were gone—and then the wind-down of norOntario. When norOntario wound down, there was a promise that air service would be provided by the private sector through some subsidies. Regrettably, about three or four years later, once the subsidies dried up, so did that service.

From my knowledge of the rail industry, and our combined knowledge of the rail and telecommunication industry in this country, there's simply not a private sector operator that's prepared to come up and run these services for the next 100 years. We ran them for 100 years, and there's not another private sector company that will do this for the next 100 years for free.

Mr. John Vanthof: Okay. Another question: We were told in the House several times that this is a divestiture, not a foreclosure. In your opinions—you've got freight, passenger service, bus, ferry, refurbishment, communications. Some of those will probably be sold, but what will happen to the ones that aren't? I think you've kind of answered our question already. What will happen to the ones that aren't saleable?

Mr. Brian Stevens: Well, if the services aren't sold—I'm not convinced, again, based on our knowledge of the industry out there, that all or some of them will be sold. But I would suspect that the rest of the assets would just be placed out on the corner of Oak and Main in North

Bay, Ontario, and it will be just a driveway sale, and whatever they can get, they'll get. That's all that it will be. The services are gone. Any move on this divestment means the comprehensive integrated services are gone, no doubt about it.

Mr. John Vanthof: The freight that you run now from Georgia Pacific, Resolute, the other companies: How will they get to market—

Mr. Brian Stevens: Do you want to answer that, Shawn?

Mr. John Vanthof: —if the freight line is out of service?

Mr. Shawn O'Donnell: I think you have to remember, when you look at the geography and the distance that we're travelling and the service levels that we provide, which gets their stuff to the marketplace in a time frame that's acceptable to them—we'll be gone. There's no private sector person that could run that kind of service or that level of service the way we're running it, without substantially increasing freight rates, which would then probably drive the stuff to the highway, I would imagine.

Mr. John Vanthof: We were told that the passenger line is closing and that we are going to have an enhanced bus service, for lack of a better word, but we don't know what. I was told by one of my constituents—she has polio and she was born 60 years ago—that her mom took her on the train to Toronto for treatment. Now, that lady was in a doctor's office and there were a couple of young mothers there and they were talking about it. What would happen when the train is cancelled? Sixty years ago we could take people on a passenger train, people who had extra needs. What will happen with no passenger rail service for northeastern Ontario?

Mr. Brian Kelly: That's an excellent question. Most people I talk to are perplexed at this. They don't understand why the government would be allowing people not to access—the government is saying they're doing this for health care and education. The fact of the matter is, people are scared that they're going to have to try to move their children on to buses. Some of them are handicapped, in wheelchairs, and that's a long ride from Timmins to Toronto on a bus. The flexibility that the passenger train provides is paramount. That concern is real. They don't see what's going to happen—

The Chair (Mr. Bob Delaney): And thank you very much for your thoughts and comments, and for your questions. That concludes your deputation today.

ONTARIO ASSOCIATION OF EQUINE PRACTITIONERS

The Chair (Mr. Bob Delaney): Our next presentation will be the Ontario Association of Equine Practitioners.

Good afternoon and welcome this afternoon. You'll have 10 minutes to offer us your presentation, followed by up to five minutes of questioning. This round of questioning will come from the government.

Please begin by stating your name for Hansard and proceeding.

Dr. Robin Reed-Burke: My name is Dr. Robin Reid-Burke.

Dr. Alison Moore: I'm Dr. Alison Moore.

Dr. Robin Reid-Burke: Again, I'm Dr. Robin Reid-Burke. I am here as the president of the Ontario Association of Equine Practitioners. Dr. Moore is the OAEF racing committee chair.

The OAEF, to give you a frame of reference as to who we are, is a professional association representing equine veterinarians in the province of Ontario. We facilitate communication and collegiality among equine veterinarians in the province of Ontario. We support continuing education, provide a link between equine clinical practice, academia, industry, the media, government and the community.

We are here to urge you to revise the proposed changes to Bill 55. The planned March 31, 2013, termination of the slots-at-racetracks program has thrown the Ontario horse racing and breeding industry as well as those involved in equine veterinary medicine into crisis.

I'm going to turn it over now to Dr. Moore.

Dr. Alison Moore: I have been involved as a practitioner in racing since 2000.

The racing industry is the second-largest agricultural sector in the province. While the slots-at-racetracks program has generated over \$1.1 billion a year for the Ontario government, loss of this revenue-sharing will affect the livelihood of the 31,441 full-time racing industry participants and those associated industries, impacting 60,000 people in the province at a time when jobs are critical to the economy.

The termination of the slots-at-racetracks program will affect the health and welfare of all Ontario horses. It will directly negatively impact the profession of equine veterinary medicine, the veterinarians who have dedicated their lives to the care of these tremendous equine athletes, and to the breeding industry that produces them.

The racing industry has a considerable impact on veterinary medicine in Ontario. Racehorse veterinarians have always been on the forefront of equine medicine. The racing industry has been the engine that drives advances in equine diagnostics and therapeutics owing to the significant monetary investments owners have in their horses and the high expectation for veterinary care. Long gone are the days of James Herriot.

Equine veterinary medicine is an expert-driven industry with veterinarians focusing often on only one equine sporting discipline. Even within the racing sector, veterinarians will concentrate their service provisions to one of thoroughbred, quarter horse or standardbred racehorses, underlying the very specific and different nature of disorders affecting the individual breeds. Very few will work on more than one breed and most do not work on non-racing horses. The elimination of the slots-at-racetracks program will force many to retrain in other areas of equine medicine, and some may leave the profession altogether.

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The development of state-of-the-art equipment to improve diagnostics and therapeutics has been driven by

the investment made by all participants in the racing industry and an expectation to provide the highest quality of care to the horse. With the onset of the slots-at-racetracks program in the 1990s, the infusion of money into the industry created an infrastructure that promoted the growth and development of racehorse veterinary practices. Along with equipment investments, veterinarians hired more associates, more technical help and established new clinics. On average, a mobile equine veterinary practitioner has between \$50,000 to \$150,000 worth of specialized equipment in their truck. Most racehorse veterinarians utilize portable digital X-ray equipment, ranging in cost from \$50,000 to \$90,000, and a portable high-resolution ultrasonography unit, costing between \$25,000 and \$40,000.

The licensed equine clinics in Ontario, equipped to provide major surgery, hospitalization and radiology services, have made capital expenditures in excess of \$2.5 million each. With the success of the slots-at-racetracks program, one clinic has even invested in the purchase of a magnetic resonance imaging or MRI unit at the cost of \$700,000.

With the termination of the slots-at-racetracks program, as proposed in Bill 55, veterinarians will be forced to refinance or sell their equipment, lay off personnel and refuse new hires, as is already being done. With the elimination of the slots-at-racetracks program, an estimated 30% reduction in equine veterinarians in Ontario can be expected, which translates to 40 fewer veterinarians. If each veterinarian bills—and this is a maximum—\$400,000 to \$500,000 per year, that is a reduction of \$16 million to \$20 million in taxable billings. Each of those veterinarians has a support staff of one to two people, so another 40 to 80 jobs will be lost, along with \$1.2 million to \$2.4 million in wages.

The racehorse breeding industry has already been severely impacted. The decrease in breeding by 50% already this year has affected the veterinarians who specialize in equine reproduction and derive a significant part of their annual income during this season. Some have already been forced to lay off veterinarians and technical help. The breeding of horses for the racing industry has also furthered reproductive success and treatments, given the financial investment in offspring. Embryo transfer techniques—including frozen embryo implantation—artificial insemination and neonatal intensive care have been developed to enhance the industry. Future improvements in reproductive techniques and technologies are at risk of not being developed if financial drivers are not present.

There has been a considerable amount of research made possible by funds derived from the slots-at-racetracks program. Almost 100% of funding provided to Equine Guelph for research into equine diseases and disorders is derived from the racing industry. This research has produced internationally renowned treatments which have benefited all breeds, not just those in racing.

Our own Ontario Veterinary College is engaging in pioneering research using stem cells to treat cartilage in-

juries in horses. Regenerative medicine, such as platelet-rich plasma therapy, is more commonly part of injury treatment in racehorse practice, mirroring the treatments that take place with our professional human athletes, particularly in the National Football League and major league baseball. In fact, the care of our equine athletes equals or surpasses that of our human counterparts. The availability of rehabilitation modalities such as underwater treadmills, saltwater therapy tanks, laser treatments, massage therapists, chiropractors and acupuncturists have all increased exponentially during the life of the slots-at-racetracks program.

Ontario Veterinary College researchers have also developed a new technique for treating atrial fibrillation in horses, a condition relatively common in racehorses, which has allowed for a treatment option for those horses not involved in racing. With the termination of the slots-at-racetracks program, research like this will be limited, thus restricting the availability of those treatments to racing horses as well as to athletic horses in other capacities, such as those on our gold- and silver-medal-winning Olympic equestrian team. It is not difficult to understand that a financially strong racing sector drives improved welfare for all of the 300,000 horses in Ontario.

Not only is equine research invaluable to all horses, but humans may also benefit from investigation into equine conditions. The North American concept of “one medicine” supports research that compares medical conditions and diseases in humans and animals, looking for similarities in the development of disease, diagnosis and treatment. For example, cardiac conditions in athletes, joint injury and cartilage repair in equine and human patients are areas currently being collaboratively researched at the University of Guelph, McMaster University and the University of Western Ontario. Racehorses may hold the key to solving these serious human health conditions. However, if the slots-at-racetracks program contract is broken, future scientific investigation will be negatively impacted.

Pharmaceutical companies have also invested significant amounts of money developing and licensing medication for use in equine patients. The funds derived from the slots-at-racetracks program have fuelled their ability to provide equine veterinarians with cutting-edge medications. A significant reduction in investment in the development of new equine medications and vaccinations, as well as escalation in the cost of medication to all horse owners, will certainly occur if the slots-at-racetracks program is terminated.

Finally, what will happen to the surplus of racehorses if this contract is broken? Some will be re-homed while many others will be sent for slaughter or euthanized, as is already happening. It is wholly unacceptable. The fate of hundreds to thousands of horses rests with the decisions of this committee to revise the changes proposed in Bill 5 and, in turn, the slots-at-racetracks program.

The Chair (Mr. Bob Delaney): And you have about one minute to go.

Dr. Alison Moore: Lastly, one more important point should be made: Ontario horse racing is Canadian horse racing; 58% of the Canadian racing product is based in Ontario. This province has developed one of the strongest racing industries in the world. Its global impact was recently highlighted when a study led by researchers in Ireland showed that the speed gene in modern thoroughbred race horses can be traced back to the great E.P. Taylor studs, Nearctic and Northern Dancer. The Canadian stallion Northern Dancer is considered the most influential stallion of modern times. It takes a team of people to produce a racehorse, and the OAEF is extremely proud of our racing industry. It should be encouraged to grow and prosper and not be destroyed. The lives of these exceptional horses and of the people devoted to them should not be destroyed.

The OAEF supports the Standardbred Breeders of Ontario Association recommendation for the government to undertake a thorough economic impact study of the OLG's expanded gaming plans and their effect on the Ontario racing industry. This study should be completed with appropriate industry consultation before any further changes to the slots-at-racetracks program are instituted.

The Chair (Mr. Bob Delaney): Thank you.

Ms. Piruzza.

Mrs. Teresa Piruzza: To Ms. Wong.

Ms. Soo Wong: Thank you very much for coming to committee for the hearings. I want to ask you, in the second-last paragraph on page 1 you mentioned that "The elimination of the slots-at-racetracks program will force many to retrain in other areas...." Can you elaborate a little bit more about this retraining piece?

Dr. Alison Moore: Well, there are a few different scenarios. Some equine practitioners will get out of the equine profession altogether. Now, they can move over to small animal veterinary practice, which would require retraining in that particular area. Even moving from racetrack practice to non-racetrack practice requires a familiarity with the discipline that one is going into. So there is quite a bit of a different knowledge base.

Ms. Soo Wong: How long does retraining take?

Dr. Alison Moore: It depends on the individual. It would probably take over a period of years for them to get comfortable in a new discipline area.

Ms. Soo Wong: And then a follow-up, Mr. Chair, through you to the deputants: I want to hear your comments about the government's new transitional panel—last week's announcement. I want to hear your comments about making your industry more self-sufficient in terms of—

Mr. John O'Toole: It's a delay mechanism.

The Chair (Mr. Bob Delaney): Order. It's not your turn in the rotation.

Ms. Soo Wong: I want to hear your comments about the announcement last week by the minister in terms of working with the industry in terms of transition, to become more self-sufficient for horse racing in Ontario.

Dr. Alison Moore: Well, \$50 million is a bit of a slap in the face. One of the racetracks alone has \$25 million in

purse money, so the \$50 million isn't going to go far at all in terms of any kind of transition. We don't even know what's actually going to be done with that money. They call it transitional. We don't know how much is going to go into "retraining." Many of the people who participate in this industry have barely a high school education. So we're trying to keep them employed within an area that they have an interest in, a knowledge base in.

Ms. Soo Wong: So what is enough? Because you said \$50 million is not enough.

Dr. Alison Moore: Well, one of the things is that we don't know what the \$50 million is going to be used for. As I said, purse money of \$25 million comes out of one track. There are 17 tracks in Ontario, so you can assume that there's going to be a lot of money that's not going to be available to "transition" people—into what? There are too many questions related to this transitional money.

Ms. Soo Wong: Thank you very much.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation today.

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CITY OF KINGSTON

The Chair (Mr. Bob Delaney): Our next scheduled deputation is—

Interjections.

The Chair (Mr. Bob Delaney): Order, order. John, enough. Enough.

Interjection.

The Chair (Mr. Bob Delaney): Mr. O'Toole, enough.

Our next deputation is the city of Kingston. Please come forward. Good afternoon and welcome. You'll have 10 minutes to make your deputation here today, followed by up to five minutes of questioning. This round of questioning will come from the official opposition. Please state your names for Hansard and then commence.

Ms. Adèle Lafrance: My name is Adèle Lafrance, with the city of Kingston.

Ms. Holly Wilson: My name is Holly Wilson, also with the city of Kingston.

The Chair (Mr. Bob Delaney): Go ahead.

Ms. Adèle Lafrance: Good afternoon, members of the committee. As the director of community and family services for the community of Kingston, I wish to thank you for allowing us, the city of Kingston, an opportunity to present our perspective on this very important budget bill, Bill 55.

Kingston is situated between Ottawa and Toronto and is home to roughly 125,000 people, according to the last census. More than 12,500, or 10%, of our residents are people currently associated with either Ontario Works or the Ontario Disability Support Program, and so are in receipt of some form of benefit assistance.

But first, let me start by expressing our appreciation and recognition of the province's commitment to continuing the current upload schedule of social assistance

benefits. The impact is huge. This upload will help us continue to serve the individuals in our community who are the most in need, and it will go a long way to help us in developing and executing our local affordable housing strategy, something that our municipal council has set as one of its key priorities.

My portfolio includes child care, and I would also like to thank you and applaud the government's commitment to additional funding for child care through the dedication of the additional funds for the next three-year period.

The matter in the 2012 provincial budget that we are here to address is the province's announced changes to both the discretionary benefit under OW and the community start-up and maintenance benefit under both OW and ODSP. These changes represent a significant reduction in the provincial contribution to both the OW and the ODSP programs and affect how we will deliver services to our clients in Kingston and the county of Frontenac, for which the city of Kingston is the service manager.

People receiving funds through the discretionary benefits will be impacted starting as early as July of this year. The community start-up and maintenance benefit is scheduled to be eliminated in January 2013, with a reduced provincial allocation provided through the consolidated homelessness funding program, starting in January 2013, but with not a lot of details on what the program goals or outcomes will be.

Both the discretionary benefits and the community start-up and maintenance benefit provide important supports to vulnerable individuals, often through prevention of more costly homelessness or irreversible health deterioration. Both benefits are important components to supporting reintegration of Ontario Works clients into the workforce, as residential stability and health maintenance are essential in securing and maintaining regular employment.

The proposed reductions of the provincial contribution to these two valuable benefits will have a significant impact in our local community. In order to maintain the status quo discretionary benefit schedule for our social assistance recipients, an unbudgeted municipal contribution of \$206,000 would be required for the balance of 2012 alone. In 2013, the maintenance of the current benefit investment level would cost the city an additional \$1.1 million, which is close to the full value of the annual savings from the ODSP cost-share upload that we will have realized to that point in time.

The reduction in both of these programs will impact social assistance recipients trying to secure a stable place to live, as well as their ability to focus on re-entering the workforce. Increased shelter usage as more people experience eviction and higher rates of homelessness will increase the need for and the cost of homelessness programs and supports. While emergency shelter costs are currently shared with the province, we are further concerned that with the provincial consolidation of homelessness funding under way, the anticipated service growth that will be required in response to these benefit reductions will be at the sole expense of the city.

This reduction will have impacts beyond social programs and will extend into the provincially funded health, criminal justice and education sectors. We are concerned that when funding is no longer available to cover the costs of recommended activities, fees, tools and reference materials for participants who are engaged in programs such as substance abuse, mental health services, domestic abuse survival and anger management, the engagement rates of those participants will drop off.

The reduction in discretionary benefits may also negate some of the gains being realized through the province's full-day kindergarten, which we wholeheartedly applaud, as reduced access to goods and services essential to children's well-being during the earliest years may limit their optimal preschool development and their readiness to learn before they hit full-day kindergarten.

The gap in benefit funding will also impact our most employable social assistance recipients, as it will prevent relocation to be closer to employers, to educational institutions, to public transit services and to available child care. The net result may be lower rates of employment among social assistance recipients and reduced rates of exit from social assistance due to employment.

These outcomes will impact our province on many levels: first, on our recipients, who are not able to access the supports to stabilize their lives and securely attach to the workforce; secondly, on many communities in Ontario, like Kingston, which will not realize the full social and economic contribution of these residents; and, finally, on the province, which will continue to struggle with increasing human service costs and a shortfall of able, employable and contributing people. These proposed reductions will shift funding requirements from preventive measures to reactive measures in addressing poverty issues.

Historically, reactive measures are more expensive as they have impacts on other service areas that are required to address issues. These service reductions and community impacts are not in line with the provincial Breaking the Cycle strategy. Unfortunately, on the matter of these benefit reformulations there has been a lack of communication and consultation with municipalities across the province. As the front line of service delivery, we could help advise the province on how changes could be made to policy and funding without creating social issues in other service areas.

The city of Kingston is strongly encouraging the province and this committee to reinstate the pre-budget funding formula of both the discretionary benefits and the community start-up and maintenance benefit. We also recommend to the province the establishment of an advisory committee composed of municipal representatives to advise specifically on possible changes to these benefits, with a dual goal: identifying some cost-saving opportunities and continuing to provide more local administration flexibility.

I thank you once again for allowing me the opportunity to attend today and to present on behalf of the city of Kingston.

The Chair (Mr. Bob Delaney): Thank you. Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much for your very empathetic presentation. From what I've heard, the way the budget is struck, these are not their priorities, what you've just described, all of those things. What I understand is that the budget is a very large, omnibus document. I think it's 300 and some pages, and it's large and complex. There's lots of stuff in section 28 that hollows out some things.

A couple of things I want to sort of say: You said there's 12,500 people in your jurisdictional area. The savings, as I understand it—they want to save \$130 million under this program, and I'm going to ask you a question here about that.

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You know, what they're doing is—you see, you praised them for the upload, and that's good, but they're actually downloading. This whole discussion on the budget is about jobs and the economy, and if there's no economy—we're shedding jobs faster than they're gaining them. These are real numbers. That puts more people on your payroll, your portion of that, and that's going to take all the money of the upload value away from you. Do you know that? The upload is going to be spent because of the download, if there's no economic jobs strategy in this budget. That's why we don't support it.

Of the \$130 million that they want to save, how much do you anticipate that they are going to claw back from you? Do you have a specific number? You said there's some number that they're taking out of your coffers—not putting in; taking away. There's nothing in this for you.

Ms. Adèle Lafrance: We estimate that for community start-up, the funds that we're losing—and if we were to replace at 100%—for the city of Kingston would be \$1.1 million, and for the discretionary benefits, that number is a little bit harder to calculate but probably fairly in excess of \$500,000 a year.

Mr. John O'Toole: It's \$2 million they're going to claw back from Kingston. That's just the start. In my view, the whole program—that's another thing you talked about. You praised them for the full-day learning, which was a payoff to the teachers, because they took them away from your early learning programs.

The daycare component: Most of the operators in my area, whether it's the YMCA—they're complaining that all the easy-to-serve students have been harvested into the full-day learning, so the only ones they have left are the hard-to-serve—they're still in diapers—and that has made it very difficult under the Day Nurseries Act, which has a lower ratio of 8 to 1, I think it is. This is added cost to you, because now all you have left—it's hollowed out. All the four- and five-year-olds will be in school; you only get the little babies, basically. Do you think they're actually helping you? In my area, they complained, but no one listened, because who wouldn't want the more expensive, luxurious delivery model of full-day learning?

We've been arguing, provide suitable and adequate daycare. The full-day learning being implemented is

\$3 billion, fully implemented—\$3 billion, fully implemented—and we're already broke, which is going to mean more money for you and more people unemployed.

What advice would you leave with the three Liberal members who are here, of changes you'd like to see amended in this budget. Quit clawing back?

Ms. Adèle Lafrance: From my portfolio—my view is limited, so I mostly can speak only from the social services sector, and I do appreciate the budget is much larger than that. But I think we do like that the upload is continuing, and we are happy to see the commitment for three years of funding for child care. If we could make a change, we don't disagree that there's a need to make changes to some of the benefit schedules and move some of the benefits that are currently regulated to being service-manager-directed. But we probably would have liked to see that happen over a five-year period and with more notice, because you've caught us now after our municipal budget is approved, and that one really stings. It makes our council shake their heads and have to go back to the drawing board. It makes us step backwards and have to rethink things and prioritize.

Mr. John O'Toole: Thank you very much for your presentation. I heard the two things you want is—

The Chair (Mr. Bob Delaney): Thank you. Thank you as well.

Mr. John O'Toole: —and the discretionary funding. Thank you very much.

The Chair (Mr. Bob Delaney): That concludes your presentation.

CHRISTIAN FARMERS FEDERATION OF ONTARIO

The Chair (Mr. Bob Delaney): Our next presentation—I believe our next presenter is not here yet. However, the Christian Farmers Federation of Ontario is, so please come forward. Good afternoon and welcome.

Mr. Lorne Small: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks here today, followed by up to five minutes of questioning. The question rotation this time will come from the NDP. Please introduce yourself for Hansard and continue.

Mr. Lorne Small: You rather surprised me by being so much earlier, so let me catch my breath for a moment—

The Chair (Mr. Bob Delaney): This is government. We run on time or earlier here.

Mr. Peter Shurman: Speak for yourself

Interjections.

Mr. Lorne Small: Thank you very much for allowing me some opportunity to address you today.

I'm president of the Christian Farmers Federation of Ontario. Our organization supports the general direction of the budget. The realization that change is necessary and that there is a plan to take the province in a new direction is welcomed by our membership. Naturally, some of our members think that adjustments should

move faster, while others think slower change would protect the fragile economy. No one believes that the status quo is acceptable. The focus on productivity and global competitiveness is very welcome.

I'd like to give you a brief outline of my background and the organization that I represent. I've had a chance to read the budget cover to cover. I've had a chance to read the Drummond report cover to cover. I found it rather interesting reading, but I have a master's degree in economics, so some of us have a little different mindset. Economists are entertained by different things than most people are. That's one knock against me. My friends say I have a couple of other knocks against me.

I spent 15 years in the Ontario civil service and was based here in Toronto. I lived in what we call the Beach in Toronto. I notice that the Ontario government tends to put "es" on the end of it, but to us it was the Beach. I have a Toronto background. When I'm on the subway, I feel like I'm home again, although I returned to the family farm 20 years ago. It's a farm that has been in the family business since 1848, so I'm about the sixth or seventh or 25th generation.

The organization I belong to is rather unique in farming circles. It was founded basically by immigrant farmers who came here in the postwar period—the bulk of them came from the little country of Holland—and brought with them a willingness to work, not much money, but a driving ambition to build a business in agriculture. Those people and their children have built farm businesses, they have prospered and they have employed a number of other people. They're part of the very entrepreneurial class in the farming community.

During the budget consultation process, we urged the Ontario government to get their house in order. Many of our farm families have relatives in Europe. They watch the situation that is unfolding there, and it causes them great concern. They see the Ontario government debt and deficit levels, which are clearly unsustainable. They believe that strong action is needed to steer the Ontario economy in a new direction towards fiscal responsibility. They believe there should be no sacred cows. There are opportunities to improve productivity and lower costs in all ministries. As farm families and citizens of Ontario, we're prepared, as farmers, to shoulder our fair share of the burden.

Over a decade ago, the governments of Canada and Ontario faced some tough choices. Some of the European countries took the easy road then. Fortunately, the Canadian governments of the day took tough action. Their actions have led to prosperous times for Canadians and spared us the extreme downturns experienced in America and in many European countries. We're indebted to two people, Paul Martin, federal finance minister, and Ernie Eves, the provincial finance minister, for the healthy economy and lower interest rates we have experienced this last decade.

I had a chance to meet with the Honourable Dwight Duncan several weeks ago, and I made that point to him, and Mr. Duncan said I was half right. I'll leave it up to

your own imagination as to which half he thought was right. He didn't elaborate as to which half he thought was correct.

Agriculture is a capital-intensive industry. It's very reliant on credit. We believe that there is a strong link between the interest rate paid by the province and the rates paid by farmers.

The province is on notice by rating agencies to reduce the deficit and debt if a low interest rate is continued. According to the budget, a 1% increase in interest rates increases the government costs by \$467 million. So it's in the best interests of the Ontario government, it's in the best interests of many homes that are heavily mortgaged and it's certainly in the best interests of farmers that we continue to have competitive interest rates. Low interest rates are both good farm policy and good social policy.

The Ontario Risk Management Program came under a spotlight in the Drummond report and again in the Ontario budget. The commitment limit of up to \$100 million in support is reasonable, given the fiscal situation of the province. The budget indicates that the program could be improved by encouraging improved farmer productivity. I agree. If the Ontario government can encourage improved productivity through its programs, let's get on with it. When farmers can get more money from the marketplace, the farmers win and the public also wins.

1610

The budget indicates a commitment to use the evidence-based approach to providing more effective and efficient services. We ask that this approach also be applied to the regulatory framework. Our membership is asking the Ontario leadership to work smarter to accomplish the same goals. Be innovative, adopt new thinking and use new technology. The farm families of Ontario are feeling pressure by the ever-increasing burden of new rules and regulations. Often the changes are not a new regulation but simply the change of interpretation by an enforcement official. No one, including us, wants an unregulated world; however, a little common sense would go a long way.

The Christian Farmers Federation of Ontario has long advocated that regulations should be results-based, not prescription-based. If the desired result is clean water, then measure the resulting water. There may very well be several different ways of providing the desired end result: clean water. Frequently, however, the prescription method dictates that only one way is possible, which is frequently also the most expensive way. Use the creativity of farmers and Ontario citizens to find solutions. Often the ideas are more effective, less costly and get the job done. The budget language seems to indicate that the provincial government agrees with us.

In the budget, there are a number of changes suggested for the Ministry of Natural Resources—which, of course, is not the agriculture ministry. However, because farmers own the vast area of farmland across the province, those changes would be welcomed. It should make it easier, more efficient and more effective for farmers to work with the Ministry of Natural Resources. We would like to

be part of the solution in protecting this wonderful province that we live in.

Many of our members came here from other parts of the world. My wife came here from South Africa. Her parents, when the apartheid laws were introduced, picked up their family and left South Africa because they knew that there was no future in South Africa for a mixed-race family. So they came here and were welcomed in Toronto and have prospered and contributed to society here.

Many of our membership come from other countries as well. One of our members I was talking to the other day grew up in the suburbs of Cairo. Another one of our members who I was talking to not long ago grew up in Lithuania. That's the new Ontario. In many ways, that's what we're seeing in farm communities as well. We are part of a new way of looking at issues, a new way of dealing with issues, and we want to protect the province. People come here looking at Ontario as the promised land. Let us keep that promise.

Thank you. It's a great pleasure to talk to you today.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Forster?

Ms. Cindy Forster: Thank you for your presentation today. I met, maybe a month or so ago, with the Environmental Commissioner. He kind of took us through seven or eight areas of environmental law with respect to agriculture where he felt that the law was being interpreted or applied in ways that were very inflexible to farmers or others. Can you comment on some of those with respect to the group you represent?

Mr. Lorne Small: In the farm community there's a preference to be covered, rather than under the environment ministry laws and regulations, under the Nutrient Management Act, which covers most farm activities.

The industries that—I have a good friend of mine who's a large potato grower. His son has a PhD in environmental science. They built a system for treating the wash water. They wash potatoes before they go to the potato chip factory. He built a system, basically a system of ponds, to keep the earth off the potatoes, keep them on the farm rather than shipping them out, and to capture any other runoff there was. So they have a series of ponds ending in a cattail pond, which are the tall water weeds. The Ministry of the Environment said, "Thou must truck all of that water off the farm to an industrial treatment plant," because, apparently, when you mix water with soil, it becomes a contaminant. I said, "Every time I water my lawn, I guess I'm—" So that's the kind of issue. He's saying, "I get clean water at the end of the day," but the Minister of the Environment is saying, "Thou must do this, this and this."

The greenhouse industry, particularly the one in the Windsor-Essex county area, is having a lot of discussion—I'll put it that way, to put it mildly—with the Minister of the Environment. They will readily admit there are a few actors in their business that are bad actors and creating problems, but they argue that one of the issues is rainfall, which hits outside the greenhouse and

then blows down into the river. Their argument, what they tell me, is that when water hits glass, it becomes a contaminant. I'm saying that somehow I don't follow the logic here.

They're working closely with the Ministry of Agriculture and Food and the Minister of the Environment, looking at ways of, "There are a few bad actors. Let's get them out of the business." But let's do the rest of the procedures; don't let rules for those few affect the productivity of a whole lot of other people. No one who I've talked to there wants anything but the best, cleanest water at the end of the day. That's not the intent. They do not want exceptions from a healthy environment. Let's protect the lakes. But they have several different systems to contain water and other things. We're battling that one hard and fast.

Ms. Cindy Forster: So having to truck that water out is an added expense, of course, to the farm.

Mr. Lorne Small: Well, does it make any sense?

Ms. Cindy Forster: No, I thought that actually when you mixed water and soil, it became mud, as opposed to a contaminant, right?

Mr. Lorne Small: But I didn't realize—I was telling the Minister of Agriculture, "I didn't realize by going out to the garden with a bucket of water and washing my potatoes, I was then creating a contaminant," and then I had to hire a contractor to truck that pail of water to the sewage treatment plant.

I think common sense will prevail, and I see references in the budget continuously that results-based is the way to go. If your objective is clean water, then measure the water. If it's not right, back it up and find out where the problem is. Don't insist that you have to use stainless steel everywhere.

Ms. Cindy Forster: Thank you very much.

The Chair (Mr. Bob Delaney): And thank you for your deputation today.

Mr. Lorne Small: Thank you.

CANADIAN PROPANE ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Canadian Propane Association. Please come forward. Good afternoon and thanks for joining us.

Mr. Jim Facette: Good afternoon and thank you for having us.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will come from the government side. Just begin by introducing yourself for Hansard and continue.

Mr. Jim Facette: Thank you. My name is Jim Facette and I am the president and CEO of the Canadian Propane Association. We're based out of Ottawa. We have offices in Calgary, staff here in Toronto and Winnipeg. The propane industry in Canada is a \$10-billion industry, and the Canadian Propane Association itself is a new industry association, so we do appreciate the opportunity to be

here to discuss this very important topic of the future of the economy here in the province of Ontario.

Thank you very much for the opportunity to be here today to speak about the Strong Action for Ontario Act. I am pleased to inform the committee that this year the propane industry celebrates its centennial anniversary—100 years old. We hope that at the end of our presentation, you will agree that propane is a green energy solution and a partner in any sustainable economic strategy.

Our specific ask today is the following:

—that propane be included in programs that promote economic action and environmental stewardship;

—that this committee recommend that Ontario be an active partner in the development of a Canadian energy strategy; and

—that the provincial government here in Ontario lead by example, by converting Ontario public service fleets to propane.

1620

With a \$10-billion impact on the Canadian economy each year, Canada's propane industry supports the livelihood of over 20,000 Canadians while contributing over \$900 million annually in taxes and royalties. The total economic value of the propane industry here in Ontario, which includes direct impacts plus spinoff effects on the economy, is over \$1.5 billion annually. Annual government tax revenue from the propane industry in Ontario is estimated at \$45 million, with over 1,500 people directly employed in this province.

Nearly 100% of the propane consumed in Canada is produced domestically. In Canada, approximately 83% of propane is produced from natural gas processing and the remaining 17% from crude oil refining. Propane supplies are expected to increase due to the focus of exploration and production activities on natural gas liquids, being propane, butane, ethane and condensate.

Propane is commercially viable and relevant to Canada. The propane industry has a role to play in the clean energy mix and is committed to maximizing its value to Canadians over the long term. We have a well-developed infrastructure with tremendous capacity to produce an abundant supply with high portability across Canada and into the United States.

Our first ask: that propane be included in programs that promote economic action and environmental stewardship.

As a \$1.5-billion industry in Ontario, the propane industry provides a cost-effective and clean energy solution. There are countless ways to use clean-burning propane. In the home, propane can fuel appliances from furnaces, space heaters, water heaters and fireplaces to refrigerators and dryers. In outdoor appliances, propane powers barbecues, pool heaters, generators and portable heaters. It is used on farms to control pests and weeds without chemicals, dry crops, heat greenhouses and livestock facilities, and power irrigation systems. In industrial applications, it is used for forklifts, construction heaters, drying bricks, and metal heating and pro-

cessing. It is even used by the petrochemical industry as a feedstock to make plastic products. It is among the cleanest and most economical alternatives for light-duty fleets and is ideal for police cars, taxis and buses. I'm sure that each of you has seen the most visible indoor vehicle that runs on propane: the ice resurfacing machine, otherwise known as the Zamboni.

Many proposals for fighting climate change and reducing the environmental impact of energy use will have to wait for new technologies and infrastructure to be perfected. However, propane produced right here in Canada can make a major and immediate contribution using today's technologies. By supporting the use of propane, the Ontario government will be helping to boost economic activity, create jobs and increase tax revenue in an environmentally responsible way.

Our second ask of this committee: that this committee recommend that Ontario be an active partner in the development of a Canadian energy strategy.

The subject of a Canadian energy strategy is important at both the federal and provincial levels. Many premiers have voiced their support of an energy strategy. It is important for the province of Ontario to be actively involved in the creation of a Canadian energy strategy. Although a national strategy has not been fully developed, Ontario can still be a partner in developing a financially responsible strategy that includes clean-burning propane, which is cost-competitive in both infrastructure and the fuel itself.

Our final ask of this committee: that the provincial government lead by example by converting more of their fleet vehicles to propane.

As some of you may recall, many vehicles were converted from gasoline to propane in the 1980s and the 1990s. The technology has greatly advanced since then. More than 17 million vehicles around the world run on propane. Figures are lower for Canada, but we're starting to see a renewed interest in propane-powered vehicles because of their environmental and economic benefits. Many operators of vehicle fleets, including the provincial government, are looking for opportunities to reduce both their expenses and greenhouse gas emissions, and we believe that Canada's propane industry can make a significant contribution in this regard.

Propane is a very cost-effective option for fleets. On average over the last 10 years, it has remained almost 40% cheaper than both diesel and gasoline. Last week, when gasoline was almost \$1.30 a litre, propane at the pumps available in Ontario was as low as 57¢ a litre. Those fuel costs can be even lower for fleet operators.

Compared with traditional energy sources, propane produces fewer greenhouse gases and air toxins in almost all areas of application. The greenhouse gas emissions produced by propane-powered fleets are up to 26% lower than those produced by gas-burning fleets, or one less kilogram of greenhouse gases per 36 kilometres driven. Propane-powered fleets also produce about 50% fewer toxins and other smog-causing emissions than gas-powered fleets.

United Parcel Service is one private sector company that has turned to propane for its large vehicle fleet. UPS currently has more than 600 propane-powered vehicles in Canada, some of which are right here on the road in the province of Ontario.

Five other organizations have embraced the economic and environmental advantages of propane, including Transhelp in the Peel region, the London police force, Airways Transit, the city of Prince George in British Columbia, as well as Canada Post.

Environmental considerations were the main reason why Peel region's Transhelp chose propane. It must let its vehicles idle in areas where emissions can pose problems, such as hospital loading zones, in order to maintain a certain temperature inside the vehicle for passengers with special needs.

Nearly all the 60 patrol cars in the London police force's fleet operate on propane. Over the years, the force has saved millions of dollars and maintained a high level of service.

Airways Transit, the largest provider of on-demand, shared-ride airport ground transportation in Canada, operates a fleet that is 100% fuelled by propane. Compared to the use of gasoline-fuelled fleet vehicles, the use of propane has resulted in the reduction of 588 tonnes of greenhouse gas emissions per year.

Just recently, the city of Prince George in British Columbia unanimously approved the city's green fleet strategy, which includes a pilot project to convert five city vehicles to propane as part of their 2012 action plan. The project will be examined with a possibility of expanding it into 2013. The fuel budget for the city is 20% of the overall city budget and they have found that propane is an excellent choice to reduce those costs. Due to the low cost of propane on average, they're expecting a one year payback on conversions.

Finally, Canada Post currently has approximately 100 medium-duty parcel delivery propane vehicles, and an additional 340 vehicles will be converted this year. They also have 10 mail delivery light vans and 20 patrol cars used by postal inspectors operating on propane today. We believe there exists tremendous opportunities for many fleets to adopt the use of propane, which would not only help combat climate change, but also reduce operating costs.

In conclusion, as I said in our presentation, propane is readily available; it's Canadian, it's accessible and cost-effective. We produce far more propane than we use in this country, and we know that supply, going forward, will be there. The price is expected to follow suit in terms of reduction. We also say that propane is affordable. We have real examples here today that we've given you—UPS, Airways Transit and others—that have used propane to reduce their costs going forward.

The Chair (Mr. Bob Delaney): You have just a little over a minute.

Mr. Jim Facette: That is why, Mr. Chairman, today we are bringing the message on the benefits of propane and what it can contribute to the overall objectives of this

government going forward for the province of Ontario. On that note, Mr. Chair, I will end and take your questions.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Jim, for coming forward. I was hoping, if it's possible, to get a copy of your presentation, because you've made some recommendations and it would be good to have that in writing. Thank you for coming from Ottawa, my hometown. We look forward to looking at your recommendations in even more depth.

Mr. Jim Facette: No problem. I'm happy to bring them. I apologize for not having them. Getting a phone call on Friday at 3 o'clock to be here at 4:30 on Monday is challenging, but I'm happy to give you the written comments. No problem at all.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation here today.

Mr. Jim Facette: No problem. Thank you.

The Chair (Mr. Bob Delaney): I gather the arrival of our final deputation is imminent, so while this committee will stand in temporary recess, I'd like to ask members to just stay close by.

The committee recessed from 1630 to 1644.

ONTARIO COUNCIL OF HOSPITAL UNIONS

The Chair (Mr. Bob Delaney): Let's come back to order. We are here to complete today's consideration of Bill 55, An Act to implement Budget measures. Our final deputation of the afternoon will be from the Ontario Council of Hospital Unions. I understand we have more than one deputant. Please come forward. Thanks for coming a little bit early. Make yourselves comfortable and just begin by introducing yourself for Hansard. You'll have 10 minutes for your presentation, followed by up to five minutes of questioning. This round of questioning will come from the official opposition.

The floor is yours, with your first words being your introductions for Hansard.

Mr. Michael Hurley: Thank you very much. My name is Michael Hurley and I'm the president of the Ontario Council of Hospital Unions of CUPE. With me is Steven Barrett, who is a lawyer with Sack Goldblatt Mitchell in Toronto and who has extensive experience in bargaining, arbitration and labour legislation, labour law.

We're going to focus our remarks on three areas: social assistance, hospital funding and the proposed changes to the interest arbitration regime.

We really appreciate the opportunity to present to you and we're sorry that we couldn't be here earlier so that this could be concluded for everybody.

On social assistance, it was welcome news that social assistance rates were being proposed to be increased 1% in the Ontario budget, welcome because of the 880,000 people on social assistance in Ontario. As you know, approximately half are people on disability, and of the

remainder about 388,000 are primarily single women heading up families and children.

I think it's important to note that social assistance rates are significantly below the poverty line and have never recovered from the dramatic cuts which occurred under the Mike Harris government, the Progressive Conservative government. They are 55% below, or \$330 per person below, the Conservative government cut in 1995, so people are receiving an allowance for social assistance which is hopelessly inadequate to meet their food and other needs. This is shameful.

The fact that there was a 1% increase was welcome, but the government had promised that they would deal with the poverty problem in Ontario, and we have seen no meaningful evidence of that. We're also expecting some activism on this subject from other parties who have a history of commitment, but on this particular issue we're seeing people on social assistance abandoned by the Legislature, and it's not right. There has to be a significant correction in this budget well beyond the 1% which is being proposed.

With respect to hospital funding in the budget, our understanding of the hospital funding proposal is that the great majority of hospitals in Ontario will effectively have their budgets frozen in this coming fiscal year and into the future. There will be some hospitals that will receive funding increases that recognize population growth and an aging population, but there are also going to be some 40 hospitals which are going to see a funding reduction. We've got about 150 hospitals with zeroes. We've got about 40 hospitals with negative growth—cuts—and we've got some hospitals which are simply going to see sufficient income to match population growth and aging. As a result, there are going to be significant cuts in the hospital sector.

Hospital spending has been increasing in Ontario, according to the Auditor General, by between 6% and 7%, so 2% is going to mean very significant cuts. In particular, we should be alert for the danger that now exists in the rural communities. In particular, the NDP and the Conservatives are the parties representing rural Ontario. I can tell you that in communities like St. Marys and Clinton and Hanover, if they're an example of what's happening, all of their acute beds are being sucked into Stratford, which is the larger municipality, and those communities are going to see the elimination of their facilities. That's going to happen in small communities across Ontario. That's what's going to happen as a result of these funding cuts.

It's important to note that we spend \$330 less per person than any other province does on hospital care. I think it's important to note that we have the fewest number of beds of any country with a developed economy in the Western world. We're on a par with Haiti in terms of beds to population, and we have the fewest staff for those beds as well. We have the shortest lengths of stay. We have a hugely efficient hospital system, and the plan in this budget is to underfund it. It's going to result in deep cuts, and those cuts are going to result in the closure of services and the privatization of those services. We're

really urging all the parties to take a strong look at the level of funding that is being proposed in the coming budget.

Mr. Barrett is going to deal with interest arbitration.

1650

Mr. Steven Barrett: I want to focus my remarks especially on the changes—they're proposed for every interest arbitration regime in Ontario, but schedule 30 deals with the changes to the Hospital Labour Disputes Arbitration Act.

It's not often that you hear OCHU or CUPE agreeing with Don Drummond, but let me say that we agree with Mr. Drummond—although we don't agree with everything in his report—that in labour relations there's a fundamental principle that practitioners on both sides of the divide agree to: The best deal is a negotiated deal, and you ought to leave it to the parties themselves to design the process that they think makes sense for them.

Equally important, Mr. Drummond said, and we agree, that arbitrators have to be seen to be independent and free from any third party control, because otherwise the integrity of a system that takes away the right to strike is compromised, and if employees lose confidence in the arbitration system, there are going to be problems for all of us. So, begin with that.

Secondly, by way of context, whatever may be the case in other sectors—and we're not going to comment on those—in the hospital sector covered by HLDAA the problems that the legislation is aimed at dealing with—delay and the reasons given by arbitrators—simply haven't been a problem. There haven't been complaints that arbitrators haven't given reasons in the hospital sector. In fact, in the hospital sector most deals are voluntarily negotiated, certainly with the central agreements that CUPE is involved in. So there's no real issue in the hospital sector.

What's being proposed, as this committee knows, is to require arbitrators to give proper reasons, indicating that they are demonstrating that they have considered the criteria. There's nothing wrong with arbitrators being required to give reasons, but when you add the word "proper," it suggests that someone else should decide whether those reasons are proper, and that other entity is the courts. I think all parties agree that the last thing we want to do with labour relations is involve and invite the courts into it. Delay: they don't have real expertise, institutionally or individually. CUPE has no difficulty with arbitrators being required to give reasons, but to impose that the reasons be "proper" suggests a role for the courts that we think makes no sense.

Secondly, the bill proposes to impose a 12-month time limit on the ability of arbitration boards to get their decisions out. As I say, delay hasn't been a problem in the hospital sector. I don't know if we've filed this. If we're permitted to do so, we have—

Mr. Michael Hurley: Something for them to look forward to.

Mr. Steven Barrett:—something for you to look forward to, just an overview of our position on the arbitration changes.

I want to just focus on one issue that's very important in the hospital sector, which is that governments of all stripes are encouraging centralized bargaining. In the hospital sector, we have a highly developed, mature, centralized bargaining structure—

The Chair (Mr. Bob Delaney): I'd just like to remind you that you've got about a minute left.

Mr. Steven Barrett: I can easily cover this in a minute, thank you.

The way that structure works is, central issues are dealt with first, through the arbitration mechanism if the parties can't agree, and then there's local issues arbitration. That means all of the—how many locals, Mr. Hurley?

Mr. Michael Hurley: There are 65.

Mr. Steven Barrett: Sixty-five locals. So there are hearings across the province; they're consolidated geographically. But the prospect of getting that process done within 12 months is completely unrealistic.

If there's a 12-month time limit imposed through this legislation on the hospital sector, it will undermine the capacity of the parties to continue their very highly successful centralized bargaining structure—

Mr. Michael Hurley: Forcing much more spending on labour relations lawyers etc. to conclude 65 independent—

Mr. Steven Barrett: The labour relations lawyer problem wouldn't be that horrible, but leaving that aside, it will undermine a system that has worked successfully. So whatever this committee does, it ought to give special attention to ensuring that amendments are made to permit the central local process in the hospital and other sectors to operate.

The Chair (Mr. Bob Delaney): Well, time is always important to a lawyer, and you're out of it.

Mr. Shurman.

Mr. Peter Shurman: Thank you, gentlemen, for your presentation, which I find interesting. You've had the benefit of being in the room for 10 or 15 minutes. I've had the benefit of being in the room for the past four days of hearings, and I've heard a number of groups, not least—you mentioned CUPE. Fred Hahn was in here. We've had some interesting conversations between all the parties and people sitting where you are.

You began, Mr. Hurley, in the early part of your presentation, by talking about 1995 cuts by Mr. Harris. I'm kind of tired of hearing that. That's 17 years out of date. Why don't you talk to these people about the cuts that they have imposed on you in this budget, that you spent the rest of your time talking about? Why don't you go on the front lawn and do what you did in 1995? That's a legitimate question. I'd like an answer.

Mr. Michael Hurley: Well, I mean, in fairness, we were on the lawn with a MASH tent under the Bob Rae government, we certainly were very active under the Harris government, and we've been no slouches drawing attention to any cutbacks or privatization initiatives in the hospital sector by the Liberal government.

I think the Harris government cuts are a matter of historical record, and I'm not referencing them to inflame

you or anything, but I do think they exist as an important benchmark, and important also because the Liberal government indicated, when they were running for office, that they would be distinct from—that they would have a different policy than the Harris government. We're not seeing that play out in the areas of poverty, and we're not seeing it play out in the proposals for this coming year around the hospital sector. In fact, in terms of the level of hospital funding, we're going to see cuts that we have to go back to the Harris era to mirror.

In terms of the pretence that, in fact, there's a significant investment in home care, that also takes us back to the previous Conservative government. In fact, there's only a tiny investment in community care, which will in no way meet the huge demand that's going to result from the cuts that are going to have to happen in the acute care sector to accommodate what is about a billion-dollar cut a year in hospital funding.

Mr. Peter Shurman: No, I'm not going to get into an inflammatory conversation either. I appreciate where you're coming from, what your perception is. However, without being a defender of Mr. Harris or an apologist for the Liberals, the fact of the matter is that times dictate what you're going to do. The Liberals obviously have developed Bill 55, this budget, and structured it to reflect what they believe the times are about.

With reference to the second aspect you raised, which was hospital funding, where do you think it's going to come from? How should the government of the day raise the funds to do what you're advocating they do, which is increase funding for hospitals?

Mr. Michael Hurley: I could talk to you about the inequities of the current taxation system and the wealth transfer that's occurred as a result of tax changes that have moved large amounts of the tax burden from the wealthiest Ontarians. So that's certainly one area which warrants a good look. The wealthy and corporate Ontario have seen a dramatic reduction in their contribution to our collective spending. But in addition, Ontario, according to the Canadian association of actuaries, could save about \$2.2 billion a year in health care spending if it was to invest proactively in dealing with health-care-acquired infections and medical errors, which are adding enormous costs to the health care system—

Interjection.

Mr. Peter Shurman: Go ahead.

Mr. Michael Hurley: Sorry.

Mr. Peter Shurman: I'm just trying to get a time from him; you continue.

The Chair (Mr. Bob Delaney): You're good. You've got about a minute and change.

Mr. Michael Hurley: Certainly we've been advocating for some time that some proactive spending in those areas could yield dramatic savings; for example, around hospital-acquired infections. Each case of MRSA requires an additional 17 days' stay in hospital, often in intensive care or critical care units, at a cost of \$1,500 a day. There are thousands of—

Mr. Peter Shurman: Let me cut you off there—that's a good example—only because I've got only one minute more, and I want to get Mr. Barrett on the record.

Mr. Michael Hurley: Okay.

Mr. Peter Shurman: You mentioned, in discussing arbitration, that it should be left to the parties. Am I quoting you correctly?

Mr. Steven Barrett: You are: to design their own process, to try as best they can to—

Mr. Peter Shurman: That's fine. Let me ask you this question, then. If there were a necessity to consider on the part of both parties, and notably the arbitrator, ability to pay of the employer as well as economic conditions existent at the time, would that be okay with you?

Mr. Steven Barrett: I think there already is in the legislation. All of them have an obligation to consider ability to pay and to consider economic conditions. So that's in the legislation—

Mr. Peter Shurman: Funny, I don't see any sign of that coming out of arbitration.

Mr. Steven Barrett: Well, arbitrators do take it into account, and that's a requirement under the legislation. As I said, the difficulty here is not the criteria; they have existed for some time. The difficulty is requiring arbitrators to give "proper" reasons to demonstrate they've considered them. That simply will be an invitation to the courts to intervene in labour disputes, to delay them at

added expense, taking away the process from the parties. I don't think employers or unions are coming in here saying the courts should have a greater involvement. I don't know where that policy comes from, but it's certainly not from the parties.

The Chair (Mr. Bob Delaney): That concludes our time for today.

Mr. Peter Shurman: Thank you, gentlemen.

The Chair (Mr. Bob Delaney): Thank you very much to both of you, especially for coming in to make your deputation as soon as you walked into the room. We greatly appreciate that.

Mr. Steven Barrett: A pleasure.

The Chair (Mr. Bob Delaney): I would like to remind committee members that, pursuant to the order of the House dated May 31, 2012, the deadline to file amendments with the committee clerk is tomorrow, June 12, at 6 p.m. sharp.

This concludes our business for today. We will meet again tomorrow, June 12, at 9 a.m. in room 228.

Mr. Victor Fedeli: How long are we on tomorrow?

The Chair (Mr. Bob Delaney): We're on tomorrow from 9 until question period and then from 3 until we run out of deputants, which should be at around this time.

We are now adjourned.

The committee adjourned at 1701.

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Legislative Assembly of Ontario

First Session, 40th Parliament

Assemblée législative de l'Ontario

Première session, 40^e législature

Official Report of Debates (Hansard)

Tuesday 12 June 2012

Journal des débats (Hansard)

Mardi 12 juin 2012

Standing Committee on Finance and Economic Affairs

**Strong Action for Ontario Act
(Budget Measures), 2012**

Comité permanent des finances et des affaires économiques

**Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)**



Chair: Bob Delaney
Clerk: Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 12 June 2012

Mardi 12 juin 2012

*The committee met at 0900 in room 228.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): Good morning, everybody. Welcome back to our resumption of consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

QUALITY EARLY LEARNING NETWORK

The Chair (Mr. Bob Delaney): Our first presentation isn't here yet, but I understand the Quality Early Learning Network is here. Would you please come forward? I don't know if there's an advantage to getting either the first or the last word in, but you certainly will have the first word today.

You'll have 10 minutes to offer your thoughts towards the committee, followed by up to five minutes of questioning. In this rotation, the questioning will come from the official opposition. Just begin by stating your name for Hansard and continue.

Ms. Joan Arruda: My name is Joan Arruda. I am the CEO of Family Day Care Services. However, today, I am sitting here in my capacity as co-chair of the Quality Early Learning Network.

The Quality Early Learning Network represents 18 multi-site, not-for-profit child care agencies across the greater Toronto area, Halton, Hamilton and London. The QELN member agencies deliver varied services, including quality home- and centre-based child care, Ontario early years centres and children's mental health and special needs services. As organizations, we bring expertise, leadership and years of experience supporting families with their child care choices aged zero to 12 years.

Employing more than 3,150 early childhood educators, our members provide not-for-profit early learning and care for more than 35,000 children and their families.

Our agencies are governed by strong volunteer boards of directors with close ties to our communities, who ensure the highest standards of accountability and effectiveness.

The QELN is a strong supporter of full-day early learning for four- and five-year-olds. Our network was very involved in the policy and legislative process leading up to the passage of the Full Day Early Learning Statute Law Amendment Act, 2010. The QELN applauds the government for implementing full-day learning for four- and five-year-olds across Ontario and for providing a flexible system where community-based child care can continue to be involved in providing seamless care for children and families.

Attention must now be focused on ensuring that Ontario's children and families have access to quality, affordable, sustainable and equitable child care throughout the ages of zero to 12.

The issue is, QELN as a network recognizes the current fiscal challenges facing the province. In light of this economic environment, we applaud the government's commitment to provide stabilization funding for licensed child care under the Ministry of Education. The government's pledge to find the dollars necessary to support child care through a successful transition to full-day learning is commendable and critical to the survival of community-based, not-for-profit child care in Ontario.

In February 2012, the QELN submitted a paper to the government entitled *Solutions: How the Ontario Government Can Rescue and Ensure the Viability and Quality of the Province's Child Care System*. An important first step was to provide the child care sector with \$287 million in emergency funding to shore up existing non-profit and public child care services. The *Solutions* paper sets forth recommendations for short-, mid- and long-term actions. Our recommendations are based on several critical assumptions, including: Full-day kindergarten is a positive initiative, the transformation and viability of the child care system will require significant additional investments and a new base funding model, and child care should be delivered through non-profit and public agencies.

The QELN members were pleased with the government's response to work through the funding challenges and commit to modernizing the current system.

Given the immediate challenges posed by the implementation of full-day learning, the QELN welcomed the government's announcement to provide additional assistance to child care operators to ensure the child care

sector remains strong and can help families experience a seamless transition to full-day kindergarten.

We commend the government for working with the NDP to strengthen the 2012-13 budget and committing to provide \$90 million in 2012-13, \$68 million in 2013-14 and \$84 million in 2014-15 for new support to the child care sector from within the Ministry of Education's existing budget allocation. The total allocation of \$242 million over three years is critical to the future success of child care in Ontario. QELN members see this as a commitment on the part of the government to work through our funding challenges as a first step to ensure the stability of our sector during this transition.

With the implementation of full-day kindergarten well under way, with year three starting September 2012, this additional funding, coupled with a review of the current child care funding model, is urgently needed and cannot be delayed any further.

Child care service providers need to see Bill 55 passed in order for our sector to adapt to the changing environment as a result of the impact of full-day learning, and for us to continue to ensure accessible, quality, affordable, sustainable and equitable child care is available for children aged zero to 12 in Ontario. The QELN is committed to ensuring a viable child care system that works for Ontario families.

Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Fedeli.

Mr. Victor Fedeli: Thank you for your presentation, Ms. Arruda. Are there any new asks in here, or is this strictly acknowledging what is in Bill 55 today?

Ms. Joan Arruda: No, there are not any new asks. We originally would have liked to have seen more. We are commending the government for working with the NDP and coming up with the dollars, through the Ministry of Education. We are, however, concerned around the passage of Bill 55 and the impact of the delay, and we do need to see it passed so that we can move forward.

Mr. Victor Fedeli: Thank you, Chair.

The Chair (Mr. Bob Delaney): Thank you very much for coming in nice and early and for being our first presenter today.

Ms. Joan Arruda: You're welcome. Thank you.

ASSOCIATION OF MUNICIPALITIES OF ONTARIO

The Chair (Mr. Bob Delaney): The clerk advises that the Association of Municipalities of Ontario would like to go next, and that seems to be okay with our first scheduled deputation, the Chiefs of Ontario. So can I now call the Association of Municipalities of Ontario to come forward? Good morning, and welcome.

Mr. Gary McNamara: Good morning, Mr. Chair and committee members.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will go

to the NDP. Begin by stating your names for Hansard, and proceed.

Mr. Gary McNamara: I'm Gary McNamara. I'm the president of the Association of Municipalities of Ontario. I'm joined by Pat Vanini, the executive director. I thank you for this opportunity to represent municipal government interests on Bill 55.

As I scan the fiscal horizon and digest the related policy initiatives, I find myself returning to a consistent municipal position. The position is simple: no new responsibilities, unless they come with a dedicated and full funding source. In the language of provincial-municipal relations: no new downloads, no new costs. Our hands are more than full.

Let us all remember that for every tax dollar collected in this province, municipal governments receive nine cents while the federal and provincial governments collect the remaining 91 cents.

Much is expected of those nine municipal cents. Those pennies are the municipal share that builds roads, bridges and transit. They also provide police, fire and ambulance services. They offer child care, housing, immigrant settlement services and much more.

Municipal property tax dollars deliver infrastructure and service investments that are critical to the success of Ontario's economy. In fact, these investments derive more tax return to the province and federal government through corporate taxes, income tax and sales tax than municipal governments see through new business and residential growth.

With just those nine precious pennies, sustaining our existing responsibilities is our number one priority. It is also our number one challenge within the current provincial-municipal fiscal framework.

The uploading of the social assistance costs have been incredibly important to us. Provincial taxes are now funding most of the income redistribution on social programs. This is how it should be. We applaud the government for taking this big step forward several years ago.

At the same time, municipal governments hold the fiscal responsibility for all social housing. There is a significant exposure, given the condition of stock as well as the end of the federal operating and funding agreements, beginning in 2014.

On top of this are the ever-increasing housing wait-lists and the pressure to develop new affordable housing. This is the time for the three orders of government to come together to build a long-term approach. Those nine cents that we receive will not solve this particular problem.

So now is not the time for what some are saying are backdoor downloads. The budget bill does not amend any legislation to directly transfer services to us. However, some of the expense management measures in the budget's addendum are creating program changes that will likely put pressure on municipal governments.

Delivering a package of program changes to us does not serve our common taxpayer, not when we collect just

nine cents of every dollar and not when Ontarians still pay the highest property taxes in the country. Let me give a couple of examples.

0910

Program changes to social assistance include a capping of health and non-health-related discretionary benefits, eliminating the community start-up and maintenance benefit—CSUMB—within a new consolidated housing program, and cancelling the home repairs program. These changes may negatively affect the people living in our communities, our neighbours who, for a variety of reasons, find themselves in need of simple things, like a transit ticket to look for work, or emergency food or dental care. We are told that flexibility within a revamped, hard-capped health and non-health discretionary benefit is workable. We are told the same when it comes to the housing CSUMB program. Assuming amounts and caseloads stay the same one year to the next, let me give you an idea of the change in funding: the city of Hamilton, \$1.8 million; the region of Waterloo, \$ 3.8 million. From where we sit, it is difficult to accept that the program changes will not result in less support for individuals and families in the human service support system, but the province says it is doable.

Our message has and will continue to be: Province, do not expect municipal governments to make up any difference should that not be the result, because our hands are really full.

A similar concern can be expressed about the elimination of the Bear Wise program. MNR's bear relocation program trapped and removed nuisance bears away from urban areas across Ontario. The program is to be eliminated. Ontarians are to call 911 for police assistance. Instead of provincially paid wildlife officers, highly paid police officers will be deployed to do the job, municipal forces and contract OPP. Ironically, this change occurs at the very same time that the Ministry of Community Safety and Correctional Services is holding consultations about police services and costs, about core and non-core police duties. Wildlife control is not a core police function. Creating a gap and relying on others to fill it doesn't address the problem.

On the issue of labour relations, AMO is encouraged by some of the steps the government has taken in the bill related to interest arbitration. However, it has stopped short of achieving a balanced system, one that is truly transparent and accountable for all parties, including arbitrators and particularly for taxpayers.

One of the major challenges with the current legislation is the ability-to-pay criteria. The bill must be amended to reflect that an arbitrator is required to take into account criteria reflective of the current economic state in a municipality. The criteria need to include factors such as the total compensation costing of the entire settlement, including present and future liabilities, and the employer's ability to pay in light of its fiscal situation with considerations of a council's service priorities, among other matters.

The Drummond commission also advised the government to put a stronger fiscal lens in the criteria. I ask that

you study the appendix of this submission, which highlights all the requested amendments related to interest arbitration. I urge you to bring them forward as part of your deliberations.

Earlier I mentioned the positive upload of \$1.5 billion of social service costs to the province by 2018. We are pleased to see it unaltered. It means for some municipalities that they have some revenue room to help with growing operational costs such as salary and benefits, and also with capital improvements. For some, it means reducing Ontario municipal partnership funds. Some understand that the social program grants component would go down as the upload progresses. That makes sense.

What is of grave concern is the possible change to the funds of its other three grant components. For many municipalities, their property tax base does not provide the financial capacity to raise property taxes or introduce service fees to make up for any significant loss. The government is reviewing the OMPF formula as part of the \$75-million proposed reduction over the next three years, reaching about \$500 million in 2016. How this will be undertaken and the impact to over 350 affected municipalities is yet unknown. We are anxious about this and we are providing our best input to the provincial decision.

This brings me to infrastructure. We asked for a permanent road and bridge program, particularly for smaller municipalities without the tax base to finance these assets. We understand the one-year delay given the province's fiscal circumstances, yet people who work and live in rural and northern Ontario are in as great a need for adequate transportation as people who live in urban areas. So we'll be patient for a bit longer, but at the same time, we know that the economy is stimulated when we make infrastructure investments. We know that no order of government has the fiscal capacity, even in good times, to help municipal governments with their \$6-billion annual need. But we also know what happens when we do nothing: Things just get expensive to fix.

In summary, we understand the provincial fiscal challenges. We municipal governments have our own. We are facing stalled or declining growth. Closed factories and shuttered sawmills limit property tax revenues.

No new responsibilities, no new costs—this is our ask. With just those nine precious pennies, sustaining our existing responsibilities is our number one priority. Our hands are full doing what we do now.

However, let me close with one more important thought. Municipalities are open to having discussions on coordinating activities that deliver a clear benefit to the Ontario taxpayer and the municipal taxpayer. This includes the fiscal revenue framework. To solve our common challenges requires new thinking, new ideas, and a commitment to open and candid consultation with municipalities. I look forward to that ongoing discussion. Thank you, Mr. Chair.

The Chair (Mr. Bob Delaney): And thank you very much. Ms. Forster?

Ms. Cindy Forster: Actually, Ms. Armstrong has a question.

Ms. Teresa J. Armstrong: I was interested when you pointed out about the Bear Wise program, the relocation program that the MNR has. One of our MPPs from up north—Kenora—Rainy River—asked that question in the House because she, of course, experiences every day the complaints from people and the fact that it's a safety factor; it's not just about the money issue.

How do you feel about that being reallocated to the police and having that be part of their core services? Do you have any concerns about the bear safety issue overall?

Mr. Gary McNamara: We're all concerned, obviously, but again, we're going through those challenges right now where we're trying to define what core and non-core policing is all about. We're cognizant of the fact in terms of, on average, policing ranges from 30% to 40% of the operational budget of most municipalities. Is adding those additional costs to that core business really where we want to go, as we're struggling to define that?

Ms. Teresa J. Armstrong: My main concern when we talk about redefining what core business is—and perhaps they're going to take the bear program to include that at par as the core—if the police or the OPP are responding to a bear call when there are actual domestic issues or situations where people's lives are in danger from violence, let's say, as an example, the bear—obviously, people's lives will be an issue, but perhaps that's where the MNR have the expertise in that area.

That was just one of my concerns about redefining that and having the police deal with bear issues. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for having come in this morning to make your deputation.

I suppose, as a very strong president of AMO, it's now become known as McNamara's Band. Thanks very much for your time this morning.

Mr. Gary McNamara: Thank you very much.

CHIEFS OF ONTARIO

The Chair (Mr. Bob Delaney): Our next deputation is the Chiefs of Ontario: Angus Toulouse, Ontario regional chief. Good morning, and welcome. We're delighted to have you join us today. You'll have 10 minutes to make your presentation to the committee, followed by up to five minutes of questioning. This round of questioning will come from the government. Please begin by introducing yourself for Hansard and then proceed.

Chief Angus Toulouse: *Remarks in Ojibway.*

Angus Toulouse, Ontario regional chief from Sagamok Anishinabek and of the Crane clan.

Good morning, members of provincial Parliament. If this budget bill is passed as currently presented, it will have a destructive impact on First Nations in Ontario. This budget clearly does not address the needs of First

Nations peoples, particularly in the areas of access to social services, health care and education.

Recently, on May 8, 2012, Premier McGuinty wrote a letter to Prime Minister Stephen Harper regarding the Ring of Fire development. While the letter is entirely self-serving about how the Ring of Fire represents the best hope for Ontario and Canada to grow economically to stay in the chase with the economies of China and India, the letter does provide proof that the Premier and others in the government in Ontario seemingly know the hardships faced by First Nations people in Ontario.

0920

In his letter, Premier McGuinty states: "Canada needs to deal with the acknowledged and widespread problems of inadequate First Nations' social and community infrastructure. To this end, there needs to be immediate investment in First Nations communities ... in the Ring of Fire area so that a healthy and skilled First Nations ... will be ready to participate fully in the many opportunities presented by this development."

"Most urgently, increased federal support for basic education leading to skills training and investment in additions treatment programs are needed now. Your 2012 budget takes some important first steps to improve First Nations education on reserves. Cliffs Natural Resources has invested in drug treatment programs in the region. This should be supported by additions treatment investments on reserves by your government." Again, these are quotes from the letter that Premier McGuinty wrote to Stephen Harper.

My read of these statements is that the issues and challenges facing First Nations peoples in Ontario are everyone's responsibility to remedy—except for the government of Ontario. First Nations peoples have the right to expect equitable access to government services pertaining to social services, education, health care, drinking water and infrastructure. This expectation is premised on First Nations' contribution to the provincial tax base, federal transfers and resource revenue generated from First Nations territories.

Regardless of the HST exemption, First Nations peoples pay taxes: income taxes, property taxes and other taxes. This contributes to the overall revenue base of Ontario. Secondly, the transfer payments from the federal government are provided to Ontario based on a population count that includes all of First Nations peoples. Thirdly and most importantly, the province of Ontario generates significant revenue from the resources extracted from First Nations' traditional territories. The treaty relationship establishes the way in which the lands and resources are to be shared between First Nations and the crown. Despite this, much of the revenue generated for Ontario from the shared revenue or shared resources does not make its way to ensuring accessibility to services required by First Nations.

Ontario has a duty and an obligation to consult with First Nations on any matters related to their economic and social well-being. This will lead to development of viable solutions as unilateral decision-making does not work.

First Nations in Ontario were not consulted on Bill 55, even though it is aimed at affecting some of their most basic economic, social and treaty rights. There are impacts of social assistance and a bunch of cuts on First Nations; the social assistance funding cuts announced in the budget will have significant impacts on First Nations. The 2012 budget funding cuts are proposed to begin this fiscal year with the following specific actions being proposed to moderate growth in social assistance expenses.

(1) Ontario Works non-health- and health-related discretionary benefits: The funding formula will be revised for discretionary benefits to determine the maximum amount eligible for provincial cost-sharing. The revised funding formula will combine the health- and non-health-related discretionary benefits and cap benefits at \$10 per case. This change will occur on July 1, 2012. Health-related discretionary benefits include dental care for adults on Ontario Works and adult children of Ontario Disability Support Program clients; eyeglasses for adults on Ontario Works and adult children of ODSP clients; a portion of the cost of prosthetic appliances; funerals and burials; and any other special service item or payment authorized by the director of Ontario Works.

Health-related discretionary benefits were based on actual costs, and costs are covered for the client. This will no longer be the case as these benefits will be capped at \$10 a case.

Funerals and burials will also be capped for costs exceeding \$2,250. Any costs above this amount will be capped at \$10 a case. This will put undue hardship on First Nations, especially in the north, where a funeral can cost up to approximately \$17,000, and this cost would include flying the body home for burial. The cost may well exceed the cap of \$10 a caseload for just one funeral and one burial.

Non-health-related discretionary benefits include vocational training and retraining, travel and transportation that is not for health-related purposes, moving expenses and any other special service item or payment authorized by the director of Ontario Works. It appears that First Nations will be greatly impacted if the new formula combines both the health- and non-health-related discretionary benefits. Health-related discretionary benefits were based on actual costs, and costs are covered for the client.

With these two discretionary benefits combined, there will not be enough funding supports available. First Nations have argued that the funding for non-discretionary benefits was not enough to meet the needs of the clients at \$8.75 per case. Now, with both benefits combined, it will decrease necessary services even more. Even at \$10 per case, this only works out to \$100 per month. If there are 10 clients on social assistance, this is not enough funding support to cover both the health- and non-health-related discretionary benefits.

One First Nation has a caseload of approximately 320 clients. Their discretionary benefits will total approximately \$39,000 after July 1, 2012, based on their caseload, yet their 2011-12 fiscal year discretionary benefits

totalled approximately \$349,000. Again, this is only one example, and it must be stated that all First Nations will face the same issue. Many clients will go without services as many First Nations are unable to cover this type of expense.

Communities with smaller caseloads will be unable to cover the cost of a basic funeral and burial or any other item required for health purposes under this new funding model. This revised funding formula that combines the two benefits and caps the funds at \$10 per case also does not mention a northern allowance, where costs are far higher than in other parts of the province.

(2) Home repairs: These dollars are provided as a mandatory benefit through the ODSP and as a discretionary benefit through Ontario Works. Home repair funding may be provided if there is no other funding available. The recipient could be forced to vacate the home if there is a risk to the health or well-being of a recipient, or if extensive damage will result to the home if the necessary repairs are not undertaken.

With the removal of this benefit from social assistance, there will be no further support funds available for home repairs. The government is suggesting other programs that can be used. For First Nation communities the existing Residential Rehabilitation Assistance Program, RRAP, provided by the CMHC, is suggested. The RRAP program is already being delivered to First Nations and currently is inadequate to meet the existing needs of First Nations. It also does not allow repairs to be made on an as-needed basis, but rather on an all-or-nothing approach.

(3) Community start-up and maintenance benefit: These dollars provide funding for eligible Ontario Works and Ontario Disability Support Program clients to assist with costs to establish a new residence, prevent eviction or discontinuation of heat or utilities, and maintain an existing residence.

The Chair (Mr. Bob Delaney): Chief, just to advise you, you've got about a minute left.

Chief Angus Toulouse: Okay. These benefits are proposed to be discontinued as of December 2012, but again, the government is planning to replace this benefit with a new consolidated First Nations housing and homelessness program and community start-up.

Again, it's really going to be problematic, but there are a number of other obvious areas: social assistance rates, employment service integration, issues with the Ontario child benefit—no increases. There are obvious impacts on First Nation education that are also identified.

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Just by way of conclusion, First Nations have been and are willing to work with Ontario to address the fiscal challenges but, as always, expect to be fully involved and engaged on any initiatives impacting their aboriginal and treaty rights, with respect for these rights and jurisdictions upheld and free prior and informed consent observed. This includes any measures impacting First Nations directly in social services; health, including health services; home care; education; resource development, and economic development.

We know that not addressing the current disparity of First Nations—

The Chair (Mr. Bob Delaney): On that note, I'm just going to have to stop you. Mr. Naqvi.

Mr. Yasir Naqvi: Good morning, Chief. So good to see you again. I'm not going to ask you a question. I wanted to give you my time, so maybe perhaps you can have the opportunity to talk about First Nations education. I know that you are a strong champion of equitable education for First Nations, something that is very important to me as well, so I wanted to give you five minutes to you so you can speak to that, perhaps.

Chief Angus Toulouse: Thank you for that. We welcome the generalized provincial support and willingness of the government of Ontario to work with First Nations and the federal government to improve the quality of First Nations education and outcomes. However, missing from the statement is any financial support for achieving the desired education benefits.

The Drummond report, if you recall, recommended provincial funding support as an investment and eventual cost benefit for the provincial economy and provincial revenues overall. As far as First Nations are concerned, the crown has responsibilities and obligations to contribute to the well-being of First Nations people. We haven't drawn any distinctions between federal or provincial governments, since both governments benefit greatly from the treaty relationships. As was certainly stated by Justice Linden in his report, we are all treaty people. Thank you.

Mr. Yasir Naqvi: Thank you very much. Meegwetich.

The Chair (Mr. Bob Delaney): Thank you very much for having come in to join us this morning.

NATIONAL COALITION AGAINST CONTRABAND TOBACCO

The Chair (Mr. Bob Delaney): Our next presentation is the National Coalition Against Contraband Tobacco. Please come forward. Good morning, and welcome.

Mr. Gary Grant: Good morning, Mr. Chair. Good morning, everybody.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks this morning, followed by up to five minutes of questioning. This round of questioning will come from the official opposition. Just introduce yourself for Hansard, and continue.

Mr. Gary Grant: All right. I'm Gary Grant and I am the spokesperson for the National Coalition Against Contraband Tobacco. I'm also a retired Toronto Police Service officer and currently chair of Toronto Crime Stoppers. I'm also one of the coalition's 15 members, as Crime Stoppers is a member of the coalition.

Our membership represents businesses, retailers and other organizations that are concerned about the social impacts of contraband tobacco in Canada. We work to raise the profile of illegal cigarettes among politicians, the media and the public.

I'm very happy to be here today to discuss Bill 55. This budget commits to a number of important actions that will help to reduce the incidence of illegal cigarettes in Ontario.

First, we think that it's important to outline what I mean by contraband tobacco. We refer to cigarettes and other tobacco products where taxes have not been paid. It is extremely cheap, with a baggie of 200 cigarettes often costing less than a movie ticket. It's also sold through a criminal distribution network, much like a drug dealer system, really, that connects cigarettes to kids without the hassles of checking for ID or travelling out of the way.

This dangerous combination of low price and easy accessibility has made illegal cigarettes a prime source for youth smoking. In fact, a recent study by the Centre for Addiction and Mental Health flagged the easy accessibility of contraband tobacco as a major reason for Ontario's relatively high teen smoking rate.

We are also concerned about how illegal cigarettes finance some of Canada's least desirable elements. The RCMP estimates that contraband tobacco is the cash cow of more than 175 criminal gangs, who use the proceeds to finance their other activities, including guns, drugs and human smuggling. For 39 years, I worked for the Toronto Police Service, and I know first-hand about the dangers of well-organized and well-financed criminals.

I think that stopping kids from smoking and limiting funding to organized crime are reasons enough for government to take action on this important problem, but it also brings important fiscal implications to the public purse. Contraband tobacco costs governments in Canada roughly \$2.1 billion in taxes annually. That's a lot of money, particularly in an era of fiscal restraint and budget tightening. So there are many reasons to act.

Fortunately, in this budget, the government has committed to a number of positive steps that demonstrate that it is taking this problem seriously. The budget committed to new legislation to provide additional anti-contraband enforcement tools. Measures being considered include increased fines, tickets for those caught with small amounts of illegal tobacco, allowing for vehicles suspected of being used to smuggle tobacco to be stopped and searched, as well as proven best practices from other provinces.

The budget also reinforced the government's commitment to implement Bill 186, which was passed last year. Bill 186 created a special fine for possession of illegal cigarettes and allowed police to seize those cigarettes without needing to call a revenue officer.

We're encouraged that Ontario is willing to learn from how other jurisdictions have tackled the problem of contraband tobacco. For example, Quebec has had success by allowing municipal police forces to investigate and prosecute contraband tobacco offences, with proceeds from fines even being kept by the city. This keeps law enforcement organizations close to the problem and gives them the tools they need to address it. This legislation has proved successful enough that in its recent budget, Quebec moved to expand it even further.

The National Coalition Against Contraband Tobacco is also pleased that Ontario recognizes there must be greater intergovernmental and interdepartmental co-operation to coordinate the anti-contraband tobacco activities. The problem of contraband tobacco crosses borders and ministries, and the government's response must be nimble. There is a real opportunity for Ontario to take a leadership role in this regard, reaching out to other provincial and state governments, particularly Quebec and New York state, as well as First Nations leaders, to address this important issue.

In conclusion, this budget is taking some important steps in addressing the problem. We look forward to working with the government and other stakeholders in the coming months to turn words into action. Together, we can tackle contraband tobacco in Ontario, which will provide the province with significant revenue, hurt organized crime and keep cigarettes out of the hands of our youth. That's something worth working towards.

Thank you. I'd be happy to answer your questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. O'Toole.

Mr. John O'Toole: Thank you very much, Gary, for your contribution in an ongoing sense and your success as the—I believe that you were deputy chief of Toronto when you retired?

Mr. Gary Grant: At one point, yes.

Mr. John O'Toole: Yes, that's good. You bring that expertise and that objectivity to it as well, so I commend you.

You're more or less complimenting them, and I'm not sure why. I can't find anything in the budget particularly addressing any real problem to any great extent. It's a large budget, a large deficit, a large debt. Don Drummond said things; they completely ignored them.

What in this budget are they doing to deal with this contraband tobacco issue in real action? I think there's a stalemate between—I hope they're not intervening, as a former police officer with the OPP, not doing anything about it. Really? I mean, I think there's a hands-off policy. Could you comment without getting into too much trouble on that?

Mr. Gary Grant: I've spoken to our OPP officers and municipal police chiefs. In the past, they felt that their hands were somewhat tied because of the lack of ability to enforce. For instance, if an OPP officer pulled over a van with a load of contraband cigarettes, they would have to sit on the side of the highway until an RCMP officer was available to attend or an Ontario revenue officer. It meant a lack of action. There were a lot of times when the municipal and provincial services did do it, but Bill 186 and what's being talked about in Bill 55 are a step in the right direction. It's certainly not going to take the step that's needed, which is really closing down all the illegal manufacturing plants that are, 90% of them, in Canada, in Ontario and in Quebec.

Mr. John O'Toole: Are they mostly in Ontario, these shops?

Mr. Gary Grant: They're in Kahnawake, Akwesasne and Six Nations. They produce approximately 90% of the illegal cigarettes.

Mr. John O'Toole: I sort of think it's like a Neville Chamberlain statement—peace at any price—and they're just ignoring it, actually, at the plight of our youth.

You said here two things that I'd like you to comment on. One is that teen smoking in Ontario is disproportionately affected by this very issue of cheap cigarettes. The other one is, Quebec seems to have liberated its police to take the proper, lawful steps necessary—comment on what Ontario's not doing, because most of what I see is that it's just doing nothing, basically.

Mr. Gary Grant: What we haven't done yet is go to the point where police can stop and may lay the charges themselves. I think Bill 186 is moving towards that, and fines for possession and whatnot. To be able to do what is done in Quebec, to have our Ontario police services to be able to stop, seize and investigate themselves, lay the charges, would go a long way in encouraging local police services and the OPP to tackle the problem because they would have the tools to do it.

Mr. John O'Toole: I guess the other thing is, often I think that because First Nations—it's an issue, as we said before, of two jurisdictional concerns; federally, it comes under the Indian Act and provincially, they deliver some of the programs and some of the money. This seems to be part of this problem. With contraband, you immediately see in Akwesasne—and a whole bunch of issues. Quite honestly, I hear them blaming Stephen Harper most of the time, that he has to step in and take some action. Is there any validity to that? And what would you like to leave with this committee? The Liberal members here are the only ones that are going to pass any amendments. They won't agree with anything we say. But leave with them what action they can take—and I mean this respectfully—to help the teenagers to not get hooked on smoking. Because you could help them. I'm sure they're looking for an amendment that's a measured response to this challenge.

Mr. Gary Grant: It's like the drug-dealing initiative: We can stop the small fry on the corners that are selling it and buying it; we can stop the middlemen that are transporting it; but until you go after Mr. Big, and that's the people that are illegally manufacturing and selling it and smuggling it into the province—there are many legal cigarette manufacturing plants on native lands. They pay their federal tax, but the crime gets committed when it's brought off the reserves and provincial tax isn't paid and it's brought across the provinces. But there are also, the RCMP estimates, about 50 illegal manufacturing plants on native land who are just ignoring brazenly all the laws. They're intimidating their own people because the stakes are so high and the money to be made is so good that there are about 50 factories that are manufacturing cigarettes with absolutely no regulation at all.

If both levels of government worked together to enforce the laws of the land as far as tobacco is concerned—and that includes the manufacturing of them and

the production of them and registering and knowing where the cigarette paper comes from, the machines that make it, the filters, because they have to get onto those lands somehow. We really have to tackle the main problem. It's going to take, as we discussed, interdepartmental, intergovernmental, complete co-operation between all levels to tackle this problem.

Mr. John O'Toole: Thank you very much for your contribution.

The Chair (Mr. Bob Delaney): Thank you very much for having come in with your very interesting presentation this morning.

Mr. Gary Grant: Thank you, Mr. Delaney.

The Chair (Mr. Bob Delaney): We are just awaiting the arrival of the Insurance Brokers Association of Ontario, so I would kindly request that committee members stay in close proximity to this room. For the moment, we are in recess.

The committee recessed from 0944 to 0946.

INSURANCE BROKERS ASSOCIATION OF ONTARIO

The Chair (Mr. Bob Delaney): Ladies and gentlemen, we'll bring the Standing Committee on Finance and Economic Affairs back to order. Our next presentation will be the Insurance Brokers Association of Ontario, who are already seated, ready and raring to go. Thank you for coming. As is usual in our committees, we're running a little ahead of schedule, so no waiting; it's immediate service.

You'll have 10 minutes to make your remarks, followed by up to five minutes of questioning. This round of questioning will come to you from the NDP. Please begin by stating your name for Hansard and then proceed.

Mr. Randy Carroll: I'm Randy Carroll, chief executive officer of the Insurance Brokers Association of Ontario. With me is Arthur Lofsky. Arthur does a lot of our grassroots work.

On behalf of IBAO, I want to thank the committee for having us here to discuss Bill 55, the 2012 budget measures bill.

The Insurance Brokers Association of Ontario represents over 12,000 insurance brokers, who assist over five million consumers across Ontario with their insurance needs. Our priority is to protect the interests of consumers, from the purchase of a policy right through to when they may need an independent advocate at the time of claim.

Our brokers are licensed and educated experts whose prime concern is that of their consumer. Insurance is a complex risk management product, and we believe, and the law requires, that consumers should get and need expert advice tailored to their own individual circumstances for proper risk mitigation. A broker's prime responsibility is to advocate and serve their customer, often giving a different perspective from the insurance companies.

I'm here to express IBAO's strong support for schedules 3, 11 and 31, all of which relate to providing statu-

tory authority to levy administrative monetary penalties, AMPs, for certain contraventions of the Insurance Act.

IBAO is pleased to see the government following through on its 2011 budget commitment to implement an AMP system. IBAO has been advocating strongly for an AMP regime in insurance here in Ontario, because we believe it is essential for better compliance and, ultimately, better consumer protection.

Last year, IBAO submitted a brief to government discussing AMPs, entitled Administrative Monetary Penalties: Why They Must Be Included in the Insurance Act.

Currently, the Insurance Act provides the Financial Services Commission of Ontario, or FSCO, with very limited remedial tools to use in addressing statutory breaches by regulated entities. Such matters may be addressed by a range of administrative remedies, the most commonly used being a cease-and-desist order, often in conjunction with an undertaking, which is regarded by many as a slap on the wrist; or FSCO may require the matter to be prosecuted in the quasi-criminal stream, which is a harsh and uncompromising route.

Under the current legislation, FSCO has no power to levy monetary fines for statutory breaches. This can only be done by the criminal courts if the individual or entity is charged with a quasi-criminal offence.

While each approach may be appropriate in certain circumstances, IBAO's position is that the overwhelming majority of regulatory breaches, whether intentional or unintentional, likely occur in the zone between the two extremes. FSCO does not currently have the tools to operate within this zone.

If the goal of remediation is to work collaboratively with an entity to modify risk management practices, then a more appropriate opportunity to accomplish this goal would be in the context of an AMP framework. AMPs will allow FSCO to impose monetary fines that reflect the proportionality of the statutory breaches, sending a very strong monetary message to the specific party and the industry.

0950

AMPs have been adopted in many regulatory contexts in Canada, including the insurance sectors in BC, Alberta and Saskatchewan. Federally, as well as here in Ontario, they're included in securities and mortgage brokerage regulation.

Well-conceived and implemented AMPs afford the regulator a range of remedial options, so that regulatory standards may be maintained with appropriate measures. Where they've been applied to the insurance sector, AMPs have enhanced the regulator's ability to deal with these issues. In addition, they have enhanced the credibility of the regulator in the eyes of the industry and the public, strengthening collaborative and cooperative interaction with the industry, which, of course, promotes the consumer's interest.

To conclude, these legislative amendments to the Insurance Act, if passed, will begin the process of implementation of an AMP system. It will be a vital step in the modernization of the insurance regulatory regime

and we believe will lead to better compliance and more effective regulation.

I'll be pleased to take your questions.

The Chair (Mr. Bob Delaney): Ms. Armstrong?

Ms. Teresa J. Armstrong: Good morning.

Mr. Randy Carroll: Good morning.

Ms. Teresa J. Armstrong: And thank you for your presentation. I don't know if you remember—

Mr. Randy Carroll: I do.

Ms. Teresa J. Armstrong: Yes. Good to see you again.

Mr. Randy Carroll: Good to see you again.

Ms. Teresa J. Armstrong: One of the areas in your presentation, where it says, "FSCO does not currently have the 'tools' to operate within this 'zone'" —

Mr. Randy Carroll: Right.

Ms. Teresa J. Armstrong: You've made some suggestions of how to accomplish that. Is there any movement towards the government looking at putting those tools in place so that they do have those tools to impose those things?

Mr. Randy Carroll: I don't think we've seen—well, we haven't seen as much movement as we'd like. We made our proposal for AMPs well over a year ago. As I said within the presentation, there's a minimum, which is really just cease and desist, and then there's criminal. We need something in the middle. We need FSCO and the superintendent to have the authority to actually enforce, and enforce through penalty, if needed.

Ms. Teresa J. Armstrong: Right.

Mr. Randy Carroll: When you've got insurers who find themselves offside, whether by mistake or whether purposely, they're both treated the same, and there's got to be a middle ground so that there's more flexibility back to the regulator. That was all built into the proposal that we had put in.

We also included what we call a bright-line test, which actually gives the regulator an opportunity to follow a stream and determine whether they should take the lesser or the greater direction to impose penalty.

Ms. Teresa J. Armstrong: How long ago was your presentation report presented?

Mr. Randy Carroll: September 9, 2011.

Ms. Teresa J. Armstrong: Okay. And have you had any correspondence back on that presentation?

Mr. Randy Carroll: I don't believe so. We were really pleased to see that it was in the budget. We have talked to FSCO and have encouraged FSCO to do what they can to implement, as well.

Ms. Teresa J. Armstrong: One last question. For some of us here—I've been asked to ask the question that—to expand in layman's terms what the kinds of breaches are and examples, and what the penalties would be.

Mr. Randy Carroll: Okay. I can give you two really good examples. We've had a situation in the past couple of years where I would determine an honest mistake was made in regard to premium rounding, and the consumer was actually disadvantaged. The insurance company, the

way that we followed the process, admitted their guilt voluntarily. They actually brought forward the fact that they had made a mistake and brought forward a solution to make the consumer whole.

On the other end of the scope, we've seen an insurance company who blatantly disregarded filed rates and rules, and they actually altered the premiums that were supposed to be offered to the consumer.

In both of those circumstances, the penalties were the same.

Ms. Teresa J. Armstrong: So there's not a differentiated—

Mr. Randy Carroll: So there's not any—

Ms. Teresa J. Armstrong:—intent and non-intent.

Mr. Randy Carroll: Correct, right. We felt that the insurer that actually came forward to say, "We've made a mistake; we want to make the consumer whole," should not have been dealt with in the same fashion as an insurer that actually made a blatant mistake—not a mistake but an intentional—

Ms. Teresa J. Armstrong: Intent, yes.

Mr. Randy Carroll:—work-around of the filed rates and rules that were there.

Ms. Teresa J. Armstrong: And when those breaches occur financially, does that get put back onto the consumers for the insurance costs of that, of doing business that way?

Mr. Randy Carroll: I don't have an answer to your question. I'm not 100% sure. I'm not sure. I can't answer that.

Ms. Teresa J. Armstrong: Just one final question: What would be the average amount of a penalty that you would pay for breaching something like that?

Mr. Randy Carroll: Currently, what we've seen is anywhere between \$50,000 and \$100,000 as penalties. When you take a look at what's available in other provinces, it ranges from a minor breach of \$25,000 to a maximum of \$1 million.

It was really interesting. We had an opportunity to ask five CEOs at our CEO panel two years ago what they thought would be an appropriate maximum fine. Every one of them landed on six figures plus.

Ms. Teresa J. Armstrong: All right. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much for coming in this morning. See? You're all done before you were scheduled to start.

Mr. Randy Carroll: I need to know how you actually get through these things on time and ahead of schedule. I could use a little bit of advice on my committees. Help me out with that if you can.

The Chair (Mr. Bob Delaney): Thank you very much. The committee will take that as a compliment. It's been a good group and it's been a pleasure to work with them—and it's been a pleasure to have you.

Mr. Randy Carroll: Thank you.

The Chair (Mr. Bob Delaney): I would like to ask our committee members to get here a little bit before our scheduled first deputation at 3:30, so we are in recess until routine proceedings are done.

The committee recessed from 0957 to 1531.

ASSOCIATION OF IROQUOIS AND ALLIED INDIANS

The Chair (Mr. Bob Delaney): Good afternoon, everybody. We are here to resume and to complete our hearings on Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

Our first presentation of the afternoon will be the Association of Iroquois and Allied Indians. Gordon Peters, Grand Chief, come up and have a seat. You will have 10 minutes to make your presentation, following which there could be up to five minutes of questioning. In the rotation, the questioning will come from the government side. Would you please begin by introducing yourselves for Hansard and then just proceed.

Grand Chief Gordon Peters: Good morning—or good afternoon, I should say. I thought it was morning.

With me this afternoon is Stan Cloud, who is involved with social services within your organization as well. He will respond to any specific, detailed questions with respect to the discussion that we're having. I will read into the record the statement that we have.

Mr. Chairman and committee members, on behalf of the Association of Iroquois and Allied Indians, I would like to focus my remarks on the proposed changes to Ontario Works through Bill 55, An Act to implement Budget measures and to enact and amend various Acts. In particular, I will speak to the potential impacts of the bill on First Nations families and individuals within First Nations territories, as well as our citizens within the urban areas.

While I appreciate the opportunity to address this matter, the truth is that I never believed we would come to a committee to deal with Ontario Works, especially after the massive Harris cuts of the mid-1990s. I'm also surprised to be here based on a commitment made by the federal government—that should say “in 2008” instead of “in 1998”—to develop a strategy not only to reduce poverty but to eradicate it.

I thought we had learned that OW cannot be examined simply as an issue of numbers. What we're really talking about are the limitless and potentially devastating impacts on human lives. What we are talking about is the way Ontario treats First Nations on the subject of OW. This government has demonstrated time after time that those who are least able to fight back are the ones punished for Ontario's deficit.

The OW program is punitive from the outset. Not only is there no rational methodology to determine the current fiscal supports offered by the program, but OW makes no distinction for the particular circumstances of recipients. It makes no distinction whether an individual resides in the north or the south, on reserve or off reserve, or has the skills and education to find and retain an occupation. From day one, the program was designed to punish the very recipients it purports to help.

Additionally, former Premier Mike Harris cut OW by 22.6% in one budget alone. Since then, Ontario has done nothing to bring funding levels back to an appropriate state, despite the poverty reduction strategy. Even during the recession that shook the world financial markets, there were no additional supports for those to hold or obtain employment.

Now the government of Ontario is proposing severe cuts to Ontario Works for relatively little budgetary gain. From freezing the general social assistance rate at 1% to slashing the community start-up and maintenance benefit entirely, First Nation recipients are being further victimized so that Ontario can reach its own objectives.

As with other issues specific to Ontario's relationship with First Nations, there has been no dialogue prior to these proposed changes. Under the 1965 Indian welfare agreement, there was an initial understanding that First Nations would work together with Ontario and Canada to support families and individuals. Since its creation, however, there has never been an opportunity to discuss how to best offer that support. Additionally, the government of Canada continues its refusal to fund its fair share under the agreement, adding an additional layer of stress on First Nations programs.

As First Nations, we continually ask ourselves, “How did we lose control over the lives of our people? Who determined that we should be subjugated to other governments so that they can achieve their objectives?” This sentiment was never more evident than when First Nations were forced into OW in 1996, experiencing both a slash in funds and the resulting liability when jobs were created. Since then, the Liberal government has acknowledged that problems exist with respect to OW and the 1965 welfare agreement. Yet despite all the promises from successive governments, the pattern of paternalism continues. Bill 55 is simply another act of aggression by the Ontario government against First Nations.

Our recommendations: The current approach to adjust the OW program punishes those least able to defend themselves and tramples all possibility of sincere dialogue. Based on this unfortunate strategy at deficit reduction, I believe that the corrective actions are self-evident.

The association recommends the following:

(1) The sections of Bill 55 related to OW must be removed until meaningful dialogue occurs and mutual resolution is reached by all parties.

(2) Ontario should begin to explore options to change OW after the social assistance review commission has released its findings on the state of social assistance in Ontario. Until these findings are known, adjustments to OW are not feasible, nor are they practical.

(3) If Ontario is serious about its poverty reduction strategy, it must begin a full and structured dialogue with First Nations in the immediate future.

(4) Ontario should work with First Nations to explore other options to locate savings. As governments with a vested interest in our economy, citizens and the future of this region, it is incumbent upon us to find avenues to generate or save funds.

The course you currently hold will further punish those most vulnerable, including our citizens. We urge you to make the right choice by removing the proposed changes to Bill 55 and begin a meaningful dialogue with First Nations.

Mr. Chairman and committee, we thank you for considering these concerns. I would like to draw your attention to the appendix of this submission, where a listing of the three primary impacts on First Nations is provided. I will leave you to read this at a later time; however, I am happy to take questions on those and other issues that you have.

The Chair (Mr. Bob Delaney): Thank you very much.

Grand Chief Gordon Peters: Short and to the point.

The Chair (Mr. Bob Delaney): Indeed.

Grand Chief Gordon Peters: I think the idea for us was being able to ensure that there is some way of being able to deal with this prior to the decisions on the budget.

The Chair (Mr. Bob Delaney): Brevity, it is said, is the essence of wisdom.

Mr. Naqvi.

Mr. Yasir Naqvi: Good afternoon, Chief. Thank you very much for coming this afternoon and sharing your views about aspects of Bill 55.

I do want to assure you, as you mentioned in one of your recommendations, the work of the social assistance review that is going on and the recommendations that they will be making to the government—obviously, we have a lot of work ahead of us to make sure that we design our social assistance programs such that (1) we are helping people to the fullest and (2) of course to engage First Nations communities and make sure that their needs are being met as well. I really do appreciate you raising that point, which is a valid one.

I asked this question earlier today, when Chief Toulouse was here from the Chiefs of Ontario and I wanted to get your views as well, and that's in regards to First Nations education: what your views are, what needs to be done to ensure that we are engaging First Nations youth as well and giving them meaningful opportunities to get the education they so very much deserve in our communities.

Grand Chief Gordon Peters: Thank you. Let me respond to your first comment, because I think it's important as well. It's important because I know the social services review commission uses the word "reform." To me, reform means that there are going to be massive changes. It doesn't seem logical that we would embark upon a course of these negative changes when there's an attempt to be able to reform the system.

Secondly, with respect to education, I think it's primary that First Nations communities need to be able to take on their own responsibility for education, to exercise their own jurisdiction over education. I think all peoples have the right to be able to educate their own children. The fundamental premise of being able to do that is based on the acknowledgement that we need to be able to have our own languages and our own cultures, that are at

the primary part of that, but also the academics and the technology that's required.

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Mr. Yasir Naqvi: Chief, thank you very much for coming. We really appreciate your time. Meegwetich.

Grand Chief Gordon Peters: You're welcome.

The Chair (Mr. Bob Delaney): Thank you very much for having come to share your thoughts with us today.

CANADIAN CANCER SOCIETY, ONTARIO DIVISION

The Chair (Mr. Bob Delaney): Our next presentation will be from the Canadian Cancer Society, Ontario division. Good afternoon, and welcome this afternoon.

Ms. Joanne Di Nardo: Thank you. Good afternoon.

The Chair (Mr. Bob Delaney): Just to quickly recap the ground rules, you'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. The rotation this time will see your questioning come from the opposition. State your names for Hansard and then continue.

Ms. Joanne Di Nardo: My name is Joanne Di Nardo, senior manager, public issues.

Ms. Rowena Pinto: Rowena Pinto, vice-president of public affairs and strategic initiatives.

Ms. Joanne Di Nardo: Mr. Chair and members of the committee, thank you for this opportunity to present on behalf of the Canadian Cancer Society, Ontario division.

We would like to take a moment to speak to you about the cancer prevention measures presented in the Ontario budget on March 27, 2012. We urge the members of this committee to consider healthy kids with regards to the passage of budget Bill 55. Today, we'll speak to tobacco control and indoor tanning.

Tobacco products cause 30% of cancer deaths, including 85% of lung cancer deaths. Smoking rates in Ontario remain unacceptably high, including among youth, and we must do everything we can to reduce smoking among that cohort.

High prices are the single most effective measure to reduce tobacco use, especially among youth, who we know are more price-sensitive, due to limited disposable income. Research has shown that when more adolescents can afford to smoke—and more can today in Ontario, as a result of being able to access cheap contraband cigarettes—more of their peers in turn start smoking. This increased visibility of smoking among young people, and the increased potential for peer pressure to smoke, are trends that reinforce each other, and that results directly from low prices. As we know, contraband products are selling for as little as \$5 to \$6 for a bag of 200 cigarettes in this province.

Tobacco use continues to be the leading cause of preventable disease and premature death. The government's smoke-free Ontario strategy has made the province a leader in tobacco control. Ontario remains committed to reducing smoking among youth and other vulnerable

persons, and we look forward to the goal of achieving the lowest smoking rate in Canada here in Ontario.

As part of this commitment, we believe the government is taking the necessary steps to increase fines on those convicted of selling tobacco to youth and to impose stronger sanctions for repeat offenders of Ontario's tobacco-related laws through the implementation of Bill 186.

The availability of cheap illegal tobacco makes it easier for non-smokers, especially youth, to start smoking, and removes an incentive for smokers to quit, undermining policies already put into place to reduce smoking. A public education campaign on contraband tobacco, to explain the impact this illegal product has on health and to communicate the fact that contraband is the currency for other illegal activity, is key to a successful contraband control strategy.

We are encouraged by the following amendments to the Tobacco Tax Act, effective in the fall, that include:

- increasing fines for those convicted of offences related to illegal tobacco;
- enabling law enforcement officers to ticket those found with smaller amounts of untaxed illegal tobacco;
- impounding vehicles used to transport illegal tobacco;
- providing for the use of court-authorized tracking devices;
- forfeiture of items seized as evidence of a contravention of the Tobacco Tax Act;
- authorizing a vehicle to be stopped, detained and searched if there are reasonable and probable grounds to believe that it contains raw leaf tobacco and, if there has been a contravention, to seize that tobacco.

We are encouraged by:

- the strengthening of the registration system for retail dealers;
- replacing Ontario's yellow tear tape with the federal stamp;
- adopting best practices that have proven to be effective in other provinces; and
- strengthening other provisions to improve the effectiveness of the statute in meeting the government's commitments.

To effectively address illegal tobacco, we encourage and support joint tobacco enforcement and administration agreements between Ontario, other provinces and jurisdictions, First Nations and various federal agencies, including the federal government.

Ms. Rowena Pinto: The second issue we would like to speak to you about today is indoor tanning. The society was here at Queen's Park on April 26, 2012, with a young woman and cancer survivor, Kate Neale, as she helped us plead the case for indoor tanning restrictions and regulation of the tanning industry.

For six years, the Canadian Cancer Society has put forward the following recommendations to government:

Prohibit youth under the age of 18 from using indoor tanning equipment.

Restrict indoor tanning promotions and marketing targeted to youth.

Maintain a registry or licensing system for indoor tanning equipment in use in Ontario, with fees put towards enforcement.

Introduce mandatory and comprehensive training that is specific to Ontario for all staff operating indoor tanning equipment. Training would include operation procedures, maintenance and how to identify people with fair skin who are at greater risk of developing cancer.

Ensure the health risks associated with UV radiation-emitting devices are displayed prominently and in clear view of clients at all indoor tanning facilities.

Diseases such as cancer are taking a significant toll on an already strained health care system. Skin cancer is mostly preventable and is often treated by a dermatologist or family doctor with costs directly billed to OHIP. In 2011, Cancer Care Ontario estimated the cost of skin cancer to the province of Ontario would exceed \$344 million. In 2011, it was estimated that 5,500 Canadians were diagnosed with melanoma and 74,100 with non-melanoma skin cancer.

But what will be the cost of enforcing and enacting such legislation? We strongly believe that by enacting legislation that will protect young people from the dangers of indoor tanning and enforcing such legislation—the costs associated would be minimal if not cost-neutral. Fees collected by a licensing or registry system would offset the costs of an effective enforcement strategy. A few years ago, the city of Toronto did an estimate of what it would cost to enforce such legislation in Toronto, which has a high number of tanning salons compared to the rest of the province. An estimated cost was only \$21,000 a year.

Jurisdictions around the world are taking action to protect young people from the dangers of indoor tanning, and it's time for Ontario to do the same. France, California, Australia, the United Kingdom, Nova Scotia and, recently, British Columbia, Quebec and Newfoundland and Labrador have introduced government legislation to restrict youth from using indoor tanning equipment.

We know that indoor tanning causes skin cancer. The world's foremost authority in identifying the causes of cancer, the International Agency for Research on Cancer, classified ultraviolet radiation devices, including tanning beds, as known carcinogens—in the same category as tobacco and asbestos. Tanning bed use before the age of 35 increases a person's risk of developing skin cancer by 75%. Melanoma skin cancer is also one of the most common and deadliest forms of cancer amongst people ages 15 to 29 and is one of the most preventable.

A poll conducted by Ipsos Reid in April 2012 on behalf of the Canadian Cancer society found that 52% of youth indoor tanners say that their parents pay for their tanning bed use, 24% of youth indoor tanners say that parents first introduced them to tanning, 21% of youth in grade 12 are using tanning beds, 11% of youth in grade 11 are using tanning beds, and 8%—1 in 10—of youth in Ontario are using a tanning bed, up from 5% six years ago. Legislation is really needed.

If that's not enough, I just want to give you an excerpt of Kate's story. As a teenager growing up in Belleville, Kate Neale wanted to be tanned. Against the wishes of her parents and regardless of the fact that she had very light and sunburn-prone skin, Kate started indoor tanning at the age of 16. In the beginning, she tanned two to three times a week, but soon ended up going for 12 to 16 minutes in the highest UVB pressured bed, sessions up to 16 times per month. The recommended maximum tanning time on this particular bed was 12 minutes. However, the salon allowed customers to tan in this bed for up to 30 minutes.

She started working at a tanning salon. She signed a contract saying that in return for maintaining a tanned appearance, she would receive 12 free indoor tanning sessions and one spray tan a month. She worked at the salon for two and a half years.

In May 2011, while visiting her parents, Kate's mother noticed a freckle on her daughter's stomach that had changed. A visit to the dermatologist and a biopsy later confirmed that the freckle was actually melanoma, the deadliest form of skin cancer. Over the next few weeks, Kate underwent three more biopsies for skin lesions on her right breast, leg and arms.

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She says, "I'll never forget going to the surgeon's office with my mom. He thought she was the patient. When he realized that I was the patient, he told me I was the youngest person he'd ever treated for melanoma. I was?"

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute left.

Ms. Rowena Pinto: Okay—"I was only 21." Just based on this experience alone, we need to protect the health of young Ontarians. Therefore, with regard to the passage of Bill 55, we urge you to consider the quick passage of Bill 74, introduced by France Gélinas on April 26, 2012. Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. O'Toole?

Mr. John O'Toole: Yes, thank you very much. I'll be sharing my time with my colleague Vic. Thank you for your presentation—two very important themes; I would say, probably universal agreement with you. Your advocacy is very much respected.

You said in here—and this is your information—that tobacco use remains unacceptably high in Ontario, including amongst youths. This morning we had a presentation from another presenter, Gary Grant, who represents the National Coalition Against Contraband Tobacco, and he said the same thing.

What advice would you leave for the current members of the government side to move forward with—your last recommendation is encouraging Ontario to work with other provinces and jurisdictions, First Nations and federal agencies. Leave that for them to deal with, because you need to tell them.

Ms. Joanne Di Nardo: We know that some discussions are already occurring with other jurisdictions. We

look to other jurisdictions like Quebec, who have implemented some of the measures that we recommend through our policy recommendations, but we strongly believe that price needs to increase. We know that youth are price-sensitive. This is a health issue. Contraband is an issue that people don't understand, so connecting all contraband measures to a public education strategy, a campaign here in this province, would effectively look to reduce the existence of contraband.

Mr. Victor Fedeli: Thank you very much.

Interruption.

Mr. John O'Toole: It's your cellphone.

Mr. Victor Fedeli: I don't think so. It's been there.

Thank you very much, Chair. My question is for Ms. Pinto. On the presentation you made on page 2, where it spoke of a Toronto cost of \$21,000, would you have any data to show what an Ontario-wide cost would be?

Ms. Rowena Pinto: No, we haven't done the estimates. That was actually done by the city of Toronto. They were looking, at one point, to passing a bylaw. Granted, it is probably true—we're not exactly sure, because currently, tanning salons do not need to register to actually run tanning equipment here in Ontario. It is estimated that there are approximately 86 tanning salons in Toronto. This is probably higher than any other place in Ontario, so it would be assumed that in other jurisdictions, the price for enforcing would be much lower.

Mr. Victor Fedeli: Thank you very much. I think Mr. O'Toole has covered my questions about the cheap contraband cigarettes, so Ms. Di Nardo, you're off the hook with me. Thank you very much, especially for the compelling story that you told about Kate. That kind of makes everybody sit up and check themselves over for those little freckles. I noticed here it was a freckle. I looked again to see: Was it a blotch of freckles? It was a freckle. Who doesn't have a freckle? I'm starting to sit here in a worried state.

Mr. John O'Toole: An aging spot.

Mr. Victor Fedeli: Yes; when you have about 15 on your face that weren't there a year ago, it makes you think. Thank you very much for the diligent work that you do. I don't think you would find one person in this room who is not affected, who hasn't had a family member, a friend, a loved one, affected by cancer. So thank you very kindly for your complete and diligent work with the Canadian Cancer Society and marketing the adverse effects of smoking and tanning salons.

Ms. Rowena Pinto: Many thanks.

The Chair (Mr. Bob Delaney): All of us with fair skin and Celtic genes paid very close attention. Thank you very much for having come in.

ONTARIO ASSOCIATION OF PROFESSIONAL SEARCHERS OF RECORDS

The Chair (Mr. Bob Delaney): Our next presentation will join us by teleconference. It's the Ontario

Association of Professional Searchers of Records: Bob Read, senior director. Mr. Read, are you on the line?

Mr. Robert Read: Yes, I am.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to offer your presentation before the committee. Sitting before you are members of all three parties in the Legislature. Following your presentation, there will up to five minutes of questions coming to you. The question rotation this time will bring you questions from members of the NDP caucus. Please state your name for Hansard and then proceed.

Mr. Robert Read: Great. Thank you very much. My name is Robert Read. I'm a director with the Ontario Association of Professional Searchers of Records, short form OAPSOR for this presentation.

OAPSOR is comprised of professional searchers of public records, servicing largely the legal profession across Ontario. Our members have expertise in searching the property records of Ontario to assist in the closing of real estate transactions, environmental reviews, litigation proceedings and various other disciplines.

I also sit on the County of Carleton Law Association real estate lawyers committee, whose members are also very concerned about the closing of the land registry offices. I just learned yesterday that this was the last day of public consultation and, in turn, have only been able to inform the committee this morning.

I am here to address section 5 of schedule 61 of Bill 55. Section 5 repeals section 5 of the Registry Act, which will result in the closing of all the local land registry offices. The closing of these offices will have major disruptive effects on the real estate industry in Ontario, as well as hinder the general public's ability to access the real property database POLARIS as well as the valuable information kept at these offices that has not been automated. The cost to the end user will increase astronomically if these offices are closed.

As you are most likely aware, the records in land registry offices have been automated from the paper system into an electronic format. You probably don't know that this job of converting the records has not been completed. We can only guess that the officials at MGS have indicated that the job is complete, but we at OAPSOR wish to tell you without hesitation that you have been misinformed.

On page 2 of the letter sent to the ministry—attached to this submission—there is an exhaustive list of reasons why the information that has not been brought forward is still vitally important in the closing of real estate transactions. Real estate is a multi-billion-dollar business in Ontario. The closing of land registry offices will delay the closings of deals for reasons listed in that letter. This government would have to repeal half a dozen other acts to justify the closings of these offices at this time. Ensuring there is compliance with these acts, such as Planning Act, Business Corporations Act, Environmental Assessment Act, laws with regard to railway lands and hydro easements, litigation forensic reviews etc. demands reasonable access to these non-automated information

records in order for solicitors to make informed decisions when closing real estate transactions. The closings of the offices at this time, without first requiring the completion of the automating of all records, will be a detriment to the real estate industry in Ontario. This is an inescapable fact.

OAPSOR is concerned that in Bill 55 there is no requirement that the real property products can still be obtained without paying the exorbitant fees charged by Teraview. In the land registry offices one may still access public data at a third of the price that one is required to pay on Teraview. The system's conversion was financed almost entirely by the public, and yet we are now billed back at 200% above the government tariffs. An \$8 government product costs \$30 online, with no value added. Currently, any member of the public can attend the land registry office and obtain information with or without the assistance of a land registry employee. On Teraview, many addresses are still impossible to find without expertise, and many persons would not only have to pay the outrageous markup by Teraview but also hire additional help to locate properties. Teraview, at three times the price, has failed to offer a fraction of the service currently available at the local land registry offices. The closing of the land registry offices is simply bad public policy—bad for the real estate industry and bad for the general public.

In Canada, British Columbia has embraced the private-public partnership with regard to real property records. In BC, the model of a monopoly such as Teraview was installed and the service provider there gets \$1.50 for the delivery of the same product for which Teraview receives \$20. This disparity is totally unjustifiable. It requires a serious review before you close the land registry offices and thereby force the public into this ridiculous pricing scheme. Ontario, in both real estate and corporate records, has the most expensive public records in North America.

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The proposal to close the offices has been done without consultation. OAPSOR only learned about the closings through the rumour mill—land registry office employees who were sworn to secrecy—and then it was only confirmed to us after first reading in the House. It is unfortunate that it has been done in this manner. If OAPSOR's members as well as our clients, who are largely members of the Law Society of Upper Canada, had been properly informed of this plan by MGS, we would have had time to educate you as to the facts and the problems that such a hasty and ill-advised decision will cause.

I urge the government to review the delivery of the public record, particularly with a view to the costs, by comparing them with other jurisdictions in North America. Many of our members frequent other provinces' and state records, and if given time, we could provide you with a spreadsheet for comparison. If you saw the comparative pricing, you would undoubtedly become troubled with what has transpired here in Ontario.

Without legislative assurance that private sector fees—fees that quite simply cannot be justified—can be avoided, then not only should the land registry not be closed, but all public records that service the legal industry, and ultimately the end user, should continue to be available to provide the financiers of these databases, i.e., the general public, to continue to access their records at reasonable prices.

Real property records service a multitude of purposes. The loss of reasonable access will have profound effects in many legal disciplines as well as personal. The information contained within each registry office was bought and paid for by the general public, and now MGS is recommending that the public lose reasonable access to these records. The conversion process undertaken by MGS and Teraview has taken a narrow view as to the purpose of these records. MGS, by proposing the closure of the registries, has shown a profound failure to understand the purpose of the records in their stewardship.

The Chair (Mr. Bob Delaney): Mr. Read, I just want to remind you that you've got about a minute left.

Mr. Robert Read: Thank you.

We at OAPSOR invite a committee where members of OAPSOR, members of the law society, surveyors, members of the public and the government can all discuss what implications these proposals have. We are very concerned that MGS did not seek out the stakeholders in connection with the closure of the land registry. If they would have, it would become apparent that the decision cannot be supported through the lens of good public policy.

In summation, OAPSOR recommends that clause 5 be removed from schedule 61 until a thorough and democratic review of the facts can be done. To pass schedule 61 in its present state, allowing for the registry office closure, would be irresponsible, both damaging to the real estate industry as well as to the interests of all Ontarians.

Thank you on behalf of the Ontario Association of Professional Searchers of Records.

The Chair (Mr. Bob Delaney): Thank you. Your questions will come from Teresa Armstrong.

Ms. Teresa J. Armstrong: First, I want to thank you for that very educational presentation and deputation that you made under that section of the omnibus bill, number 5.

One of the things I wanted to ask you—I have several properties. During the course of purchasing those properties—we've done it ourselves; we haven't gone through a real estate agent. Of course, we've gone through a lawyer. What are some of the pitfalls that you can foresee with this land registry change if people aren't experienced, maybe, in buying property, if they are trying to do it themselves because they're trying to save a little money? Are the chances of something going wrong more apt to happen when these services have been reallocated?

Mr. Robert Read: I guess one of the biggest problems is that—you have to remember, when they automated the service to provide the land records, not every-

thing was brought forward. It was done with sort of what we call a sub-search, a partial check of the records. In many cases, there are right-of-ways missing, there are land disputes that are still there. Without the records previous to this automation, we would have no way of finding these out. Even if they move them to a remote location, we would be talking weeks and months. Real estate transactions are handled way before that. We're always on time constraints.

Ms. Teresa J. Armstrong: So sorry, I'm having a little trouble hearing your answer, but I think you said that if they move this off-site in a remote location, it would cause real estate agents to take even longer to close homes? Is that—

Mr. Robert Read: Well, it would be the legal profession. That's where the problems would come from, not through the agent. Once you began searching the titles to these properties and weren't able to find solutions to problems that were revealed from looking at the automated records, you'd be months trying to access the paper records or the microfilm records that they moved off-site. As it happens now, we can go to the local registry office and usually find a solution to the problem that arose and that's causing a problem on that real estate transaction.

Ms. Teresa J. Armstrong: So it really could be quite stressful for a property purchaser to have that delay and then ultimately get fed, "Information isn't available," or the assumption that it might be incorrect information or they can't find it. It could end up perhaps escalating to even lawsuits.

Mr. Robert Read: Absolutely. It could delay the closing to such a point where a purchaser needed to move in and wouldn't be able to, or a seller wanting to move out to buy a new property with the sale of the present one wouldn't be able to because the records aren't available, so the transaction just would not close.

Ms. Teresa J. Armstrong: Would you say that if this is proposed and passed this way, the consumer is going to pay the price, perhaps, for more work lawyers may have to do to try to find that title in that area?

Mr. Robert Read: Definitely. All these costs would be passed on to the consumer.

Ms. Teresa J. Armstrong: Thank you very much for that presentation. I really enjoyed it.

The Chair (Mr. Bob Delaney): And thank you very much for your deputation.

Mr. John O'Toole: Chair, I'd like to make a point of information—

The Chair (Mr. Bob Delaney): You're out of order, Mr. O'Toole.

Mr. John O'Toole: Yes, I would expect that my point of order is heard.

The Chair (Mr. Bob Delaney): Mr. O'Toole, you're out of order.

Mr. John O'Toole: Chair, I want my point of order to be heard, and it's my privilege to raise a point of order.

The Chair (Mr. Bob Delaney): You're out of order, Mr. O'Toole.

Mr. John O'Toole: No, I'm not. You're not conversant with the orders of what the procedures—

The Chair (Mr. Bob Delaney): Our next presentation is the Ontario Nurses' Association—

Mr. John O'Toole: The procedures of this committee would allow me to make a point of order, and the point of order that I am intending to make, and I ask the Chair to respect that—

The Chair (Mr. Bob Delaney): Mr. O'Toole, you're out of order.

Mr. John O'Toole: This bill, Bill 55, is over 300 pages—

The Chair (Mr. Bob Delaney): Mr. O'Toole, you're out of—

Mr. John O'Toole: —69 sections—

The Chair (Mr. Bob Delaney): Mr. O'Toole, you're out of order. Stop talking. Thank you.

ONTARIO NURSES' ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation is the Ontario Nurses' Association: Linda Haslam-Stroud, president. Thank you very much for having come in this afternoon.

Interjection.

The Chair (Mr. Bob Delaney): Mr. O'Toole, stop it.

You'll have 10 minutes for your deputation here this afternoon, following which the rotation of the questions will come from the government. The government may have up to five minutes to ask you questions. Please begin by stating your name for Hansard and proceed.

Ms. Linda Haslam-Stroud: Thank you. My name is Linda Haslam-Stroud. I'm a registered nurse, and I am president of the Ontario Nurses' Association. I'm an RN at St. Joseph's Healthcare in Hamilton. Joining me today is our government relations officer, Lawrence Walter.

Many of you already know that I represent some 59,000 registered nurses and over 13,000 nursing student affiliates across Ontario. We basically represent three quarters of the RNs working at the bedside in front-line care in nursing homes, hospitals, the community, public health and private clinics. Our members experience firsthand the impact of government policy and funding decisions as they filter down and affect, obviously, the front-line care that we're able to provide to our patients, our clients and our residents.

My remarks today are primarily going to actually focus on the impact of funding for the health sector, and schedule 30, which is HLDA for us in the labour movement; for you, it might be the Hospital Labour Disputes Arbitration Act.

However, before I begin, I did want to express ONA's strong disapproval of schedule 28, which appears to go far behind privatizing limited government services. As you know, schedule 28 sets in force powers to override existing legislation and regulation pertaining to many public services and to instead contract to for-profit services, including hospitals, listed in section 10. You probably already have heard many talk about the evi-

dence regarding quality care suffering in the for-profit delivery of health care in Ontario. We therefore join with others who have already appeared before us in calling for the deletion of schedule 28 in Bill 55.

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I'm now going to turn to the impact of the funding on the health sector to understand the magnitude of the cuts. When I'm looking at patient care, I'm looking in that every full-time RN who is cut from the system is providing close to 2,000 hours of care for our patients. However, to look at the context and to set the context, we believe that this will mean less care provided by fewer registered nurses.

I think it's informative to review the Auditor General's report. The auditor reported that the expected health care expenditures would increase by an annual average of 3.5% over the next three years, but the 2012 Ontario budget, as you know, has lowered that significantly to an annual average of a 2.5% overall rate for the health care system. Even at the level of 3.5%, which of course we don't have in funding, the auditor has indicated that there will be significant cuts. That includes hospitals looking for \$1 billion in savings. When you say that, it sounds, you know, "Okay, hospitals," but what you're really talking about is front-line care. I've lived through this system for 35 years as an RN, and the bloated CEO salaries and pay-for-results bonuses, as well as the backroom and admin, are not being cut in saving the money. What's being cut is the front-line care to our patients, and it has got to stop.

You also see that in the Auditor General's report, he actually talked about a growth in drug expenditures that would need to be cut in half—I know we're working on that, but I think we have a long way to go; OHIP payments to be cut by over \$2 billion, and I think I'll just leave that one at that for today; and long-term-care funding to be cut by more than half and home care funding by one third, compared to previous years. That's the auditor projecting with a 3.5% increase in funding.

At the same time, we in Ontario currently have—and I think you know this, but in case you don't—the second-lowest ratio of RNs to the population. It's pretty disgusting, considering this is Ontario, the land of opportunity and certainly a province where we would like to boast that we have the best health care in all of Canada.

Some 30% of the RN workforce is now eligible to retire, and for the first time—and I've been saying this for a number of years, but finally the facts are showing it because the College of Nurses' stats are one year behind the present year—the College of Nurses of Ontario's stats have shown an actual 501 fewer RNs employed in nursing in 2011. So we have lost 501 RNs. I've been telling you this; now the facts are actually catching up with our anecdotal comments that we've made previously.

We do face enormous challenges to provide quality care in every sector. We are struggling with heavy workloads, excessive overtime, and we're also stressed out with the working conditions that we're under. The

retention of current nurses is critical, as the government's own data shows that—and this is problematic—new nursing graduates are only staying in nursing, not in one position, for five years. We have to stop that trend. We have to be employers of choice. We have to welcome these new grads so that they not only take part in nursing but stay in the system. We desperately need them.

We know from numerous research studies performed both in the US and in Canada that there is a direct correlation between RN staffing levels and our patient outcomes. For every patient that is added to my workload, your morbidity and mortality—or, in layman's terms, your disease and death rates—increases by 7%. That's what I'm dealing with on the front line when I'm caring for you.

At this point, we are looking for a continued commitment to continue to create the 9,000 permanent, full-time RN positions that had been promised previously—the 9,000 promise—to address this inadequate ratio of RNs to the population. As I say, I'll be calm about it, but it's absolutely an embarrassment.

I also want to tell you that nurses are feeling that this bill has—we've already had enough attacks on us as the nursing workforce. Now, rather than actually address the registered nurse staffing, the government is instead taking direct aim at nurses by gutting the interest arbitration system in Ontario, a system that is clearly not broken, and that is the HLDAA, Hospital Labour Disputes Arbitration Act. I'm going to try and be professional in my remarks, as I should be here, but I've been around for 35 years and I can tell you, in many of these submissions, I hope you're not seeing the steam blowing out my ears.

The amendments that are being put forward in HLDAA, I believe, are absolutely unnecessary, and I've been looking at legislation for 30 years, as I mentioned.

You need to understand the context of this. We have a group of nurses that have already made a contribution to the austerity program. We have had arbitrator awards basically for the majority of our nurses, which has been a 0% increase for two years. If the OHA is telling you that we are the bloated public service, that's unfortunate. If any of you are speaking of that, I don't believe I am the bloated public service, nor do our 60,000 nurses. We believe that we have reasonable wages, benefits and working conditions that we're continually trying to improve on to provide that quality care.

So besides the hits in funding, we now have the hits on HLDAA, which is the alternative to labour disruption or strikes in the health care sector; the majority of our members are under that legislation. As you know, we do not have the right to strike in the majority of times.

Schedule 30 in Bill 55 in reality is an attack on the health care workforce and will put the retention and recruitment of nurse staffing at risk. You are basically attacking nurses. When you attack nurses, you are actually reducing the quality of care that is provided to our patients in Ontario. The research is very evident of that.

So just a few points, and it's in the submission: We do not believe that there is any need to fix an arbitration system that isn't broken. Employers and unions do not need a new 12-month timeline to expedite the arbitration process because—guess what?—HLDAA already provides a 90-day timeline that is more restrictive than the current schedule. We do not need to see arbitration awards—a mechanism to deal with undue delay in the release of arbitration awards because—guess what?—HLDAA already has such a mechanism and it involves the Ministry of Labour and the Minister of Labour.

It's also noteworthy for you to know that the current provision in HLDAA has never been invoked by either the union or the employer. And I did hear the OHA's comments on this legislation, so I wanted to make sure that you knew that they have never invoked this clause. Put simply—

The Chair (Mr. Bob Delaney): I'd just like to remind you that you've got about a minute remaining.

Ms. Linda Haslam-Stroud: Thank you.

Put simply, HLDAA provides a mechanism to deal with the undue delays.

At the end of the day, we feel we're being attacked. We believe it's inappropriate to paint everyone with the same brush. It is not a fix to the health care system and Lawrence has put down, "I respectfully request that you remove schedule 30 from Bill 55."

I'll tell you that we need to make some right choices, and that's about nursing. It's about a strong health care sector and a nursing workforce.

Thank you.

The Chair (Mr. Bob Delaney): And thank you very much, Mr. Naqvi?

Mr. Yasir Naqvi: Thank you very much, Ms. Haslam-Stroud, for coming today. Thank you for your passion and also, through you, thanks to the thousands of nurses who serve us and provide a great quality service.

I had the opportunity of my wife being in the hospital, where she gave birth to a healthy baby boy—we interacted with nurses quite closely in Ottawa and we're just incredibly amazed at the kind of service, the care, the compassion that we got from some nurses. So thank you very much, through you, to all the members.

I wanted to hear your views a little bit about the Minister of Health's action plan on health care. One of the areas that she talks about in that action plan is shifting a little bit of the focus off health care delivery to more community-based, patient-focused care, making sure that seniors, the disabled in our communities and those who have chronic conditions can get care closer to home through, of course, doctors, nurses and nurse practitioners, and care providers.

Your thoughts on that: Is that going to help us improve the delivery of health care and better health care outcomes for members of our community?

Ms. Linda Haslam-Stroud: The nurses are fully in support of moving care to the community. However, we need to ensure that we have the appropriate services and supports in the community. Right now, community

nurses, home care nurses, basically make approximately 20% to 30% less than a hospital or a homes-for-the-aged registered nurse. You're not going to have a draw of nurses interested in going to the community where (a) they do not have job security, (b) they do not have a defined benefit pension plan and (c) they do not have equitable wages and working conditions.

We're fully in support of the transition of health care. We've lived through many decades of it and are willing to work with the government on it. However, we need to look at the challenges and barriers that are going to prevent that from happening.

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Mr. Yasir Naqvi: That's fair. So you will support—one of the aspects of the budget is, within the health care basket, allocating about a 4% increase of health care dollars this year and moving forward in the community-based care.

Ms. Linda Haslam-Stroud: Yes, we support any additional funding in community-based care. We just need to ensure that every dollar is spent for our residents on the front lines. The patients on the front lines need to be getting that care, and hopefully, it doesn't get caught up in the bureaucracy, which sometimes, unfortunately, it does.

Mr. Yasir Naqvi: Thank you very much for coming and thanks to Mr. Walter for being here as well.

Ms. Linda Haslam-Stroud: Thank you very much for your time.

The Chair (Mr. Bob Delaney): And thank you very much for your time.

ONTARIO COALITION OF SENIOR CITIZENS' ORGANIZATIONS

The Chair (Mr. Bob Delaney): Our next presentation is the Ontario Coalition of Senior Citizens' Organizations. Good to see you again, Mr. Jesion. I remember you from when I was with the Ontario Seniors' Secretariat. You're looking very well.

Mr. Morris Jesion: Thank you.

The Chair (Mr. Bob Delaney): You'll have 10 minutes to make your remarks here today, followed by up to five minutes of questioning. This round of questioning will come from the official opposition. Please begin by stating your name for Hansard and then proceed.

Mr. Morris Jesion: Yes, my name is Morris Jesion. I'm the executive director of the Ontario Society, also known as the Coalition of Senior Citizens' Organizations.

I'm here today on behalf of seniors. We're a very large grassroots seniors' organization, with seniors all over the province. In the handout that you have, on page 2, the flip-over gives you an idea of the membership, which I won't go into.

I want to talk about four themes in the time that we have. One is, in terms of the budget, many of these are overriding areas for consideration. As seniors, we want to

help the vulnerable, and I'll get back to that. We're concerned about impacts and various cuts in services. We're concerned about privatization and we want to make a special note about taxation and how that may assist.

In terms of those four themes, and helping the vulnerable, we often come across, in our organization, frail seniors, adults with disabilities and adults with mental health problems. Of course, we also want to not leave out anyone—children with special needs and the developmentally handicapped. We note that in the home care program, for example, in Ontario, the largest proportion of dollars goes to people following hospital discharge. It doesn't support people who need home care that allows them to live at home. This is a major weakness that has been deteriorating. This used to be the case many years ago, whereby home care and supportive home care was for people—for example, frail seniors. Today, frail seniors cannot get home care unless they're discharged from a hospital. We wanted to note that.

Also, for the people who are in the vulnerable categories, the increase in the disability and social assistance, that was negotiated by the NDP and supported by many, is an important aspect to continue to acknowledge that the amount of monies there is really not enough to live on.

We're very concerned about hospital funding. You heard a presentation just before me from the Ontario Nurses' Association. We're obviously very interested in protecting existing services. We have serious concerns that as hospitals cut back, long-term-care homes and home care will be under even more pressure than in previous years.

I remember very clearly, in the 1980s, I was a member of the Toronto District Health Council. When hospitals were asked to cut, in those days in Scarborough—Scarborough had three general hospitals. They didn't consult with each other, and because of hospital pressures for cutbacks, each of the hospitals decided on their own which services they were going to cut. It just so happens that the three hospitals cut mental health services. So you can imagine a city with 500,000 people—at the time, it was a separate city; it wasn't amalgamated. Here's a city with 500,000 people where there were no mental health services because the hospitals each decided on their own that they were going to cut mental health service. So we've been through hospital cutbacks many times, and we have great concern about the type of cutbacks that are coming. They affect many people. I just gave you one example of mental health services, but there's many other services that have put in user fees such as for glasses, hearing and other services.

This causes a lot of caregiver stress and illness, and it really prevents people from being able to live independently at home. Our emergency departments, if you go to them, you'll see the backups in many of the emergency departments. Patients, including seniors, are moved out of hospitals quicker and sicker. As a result, there's a very high re-admittance rate that takes place. So we strongly feel that we have to monitor and be aware of the impact of budgets on our public services.

Just in terms of privatization, we want to add our voices to the notion: Seniors do not support privatization in the public services. One of the main reasons that we're concerned about privatization is because the private sector has to make a profit. There's nothing wrong with profit, but these are public services. If they're making a 15% or 20% profit, that's taken out of service. We want to strongly suggest that privatization takes away, for example in health care, 15% or 20% of actual service that could have gone in. That's taken out as profit. There's nothing wrong with privatization in the public area, but it has to be done very, very carefully as to how it's done on a cost-reimbursement basis. We've had some examples in the past at Sunnybrook Hospital and how it's worked.

The last point I want to discuss very briefly is taxation. We hear a lot about cutbacks and the various impacts. Seniors are very strong in believing that taxes need to be based on fairness and the ability to pay. We need to enhance our social programs; for example, affordable housing geared to income. Seniors would rather have—I'm going to repeat this several times—higher taxes than cutbacks in public services in balancing the books. So this is really an important consideration. You don't find this in the legislation. It's an overriding thing that we really feel that taxation is one of the things that has to be considered, not only the cutbacks which affect people negatively in an effort to balance the books. We suggest looking at corporate and personal taxes, eliminating tax loopholes and exemptions, and better enforcement and tax collection. We look at taxes, really, as the price that we have to pay for a decent and civilized society. I just wanted to end with that; it's an important overall consideration.

Thank you, Mr. Delaney.

The Chair (Mr. Bob Delaney): And thank you very much. It's good to see you again. Mr. O'Toole

Mr. John O'Toole: Thank you, Mr. Jesion, for your presentation. Respectfully, it's nice to see that you're engaged and have been engaged in the past. You were here for the previous presenter from the RNAO, and you would say, in the RNAO—I think it's very important. I want to put this whole thing in context, because I may not have a lot of questions for you, but more to appreciate and respect what you've said. This is what I was trying to say with the point of order. The big issue in Ottawa is the omnibus budget.

Mr. Morris Jesion: Yes, it certainly is.

Mr. John O'Toole: This is their budget. Their budget in Ontario is about less than a third of Canada. This is 327 pages, 69 schedules, and this is the RNAO's statement, and I'm quoting—she's here as well: "We wish to first register our dismay that there was no formal pre-budget consultation in 2012." I've been here 17 years, and this is the first time that ever happened. They had the Drummond report. It was never mentioned during the election, all these cuts—

Mr. Vic Dhillon: That's not true.

Mr. John O'Toole: It's my time.

It's shameful what's going on here. It's tragic. And there is a lot of stuff in these schedules. We've heard 28,

30, 35, property registered in section 6. This is shameful. There's nobody over there that has read this budget. I was the PA to finance for four years. This is a charade, and these hearings are a charade.

1630

You've said there are four things. What Ms. Haslam-Stroud here said is that they've cut nurses. They haven't increased them. They're 500 short. That's what she has told us today in the presentation. What's going on here affects seniors. They are not building any long-term care. They're cutting health care from 7%—that's the average funding for the last year—to 2%. There is going to be hemorrhaging.

I see in your presentation you were a member of the district health council. They were almost all volunteers.

Mr. Morris Jesion: Yes.

Mr. John O'Toole: I knew them all.

Mr. Morris Jesion: Yes, I was a volunteer.

Mr. John O'Toole: I was on the community health council in my riding of Durham. You know what they've got? The LHIN. The Central East LHIN sucks a lot of money out of the system that never gets to the front line. It's bureaucratic.

See what they're doing with eHealth and Ornge? They're squandering money. I don't care whether they're Liberals or Conservatives. That is unacceptable in Canada.

They are doing more damage—section 28 is a personal example, where they're actually, in stealth, outsourcing most of health care under the guise of 28, dealing with ServiceOntario. That's what they said.

I can't trust one thing they say, and they've got the Chair here who won't even let us speak. This is going on as if nothing has happened. You know something? For the first time in 20 years that I've been involved, there has never been pre-budget hearings. That is shameful.

I'm glad to see you're a senior person still engaged, because I am too.

Do you know what they started this week? A new regulation. They're taxing every bed in retirement homes \$10 a month for the registration of the regulations for retirement homes. They passed a bill regulating—why are they regulating retirement homes? Do you know why? Because they haven't built one long-term-care bed.

Guess what the population—you and I—are doing? The senior population consumes 70% of their health care dollars in the last 10% or 20% of their life. And guess what? There's not going to be anything there. Chronic disease is on the rise. There is an absolute sham going on at Ornge.

I'm very upset, and I'm very appreciative that you brought up four points here.

Supportive home care: Well, I'll tell you, I don't think the home care—there will have to be a bureaucracy. They're going to run it through the LHINs. The LHINs are going to spend a year consulting with the coffee-and-doughnut parties. I don't think the money will get to the front line.

The person today can't get home care. They've maxed them out, I think, at 10 hours. If somebody has had a stroke, the partner, the spouse—usually the woman, honestly—is unable to do it and they can't get any more care. What are they going to do? There are no long-term-care beds.

Now, the last thing I'll say is this, and this is on the record, and I'll be using it. I could care less about the election. Right today, the average age of somebody in long-term care—and I'm in them every single week, because I have a mother-in-law in there. The average age is 85, and the length of stay is three years. Do you know what they're moving to? A plan—pay attention. It's 91, and the length of stay is one year. That's called palliative care. The rest of it will be silently aging alone at home. They call it aging in the community; I call it aging alone. If you live in rural Ontario, which is much of my riding, it is shameful, what's going on. In Toronto, there's more awareness. The media might get a hold of the story.

But I am so disappointed. In the few hours that I've spent on this—after spending 17 years, or most of it, in the finance side of it, including at the region of Durham. What would you say to me, or say to them? Tell them what you want done. Schedule 28 cancelled? Schedule 30? Schedule 35? You track it. They won't make one single change, because they're doing what Premier Dalton McGuinty tells them, and that's what they're doing. They won't make any change. They have absolutely no input. None. Zero.

I challenge any of them to vote against any of the regulations that don't address—30, 35. The one on the property records—Teranet, or whatever it's called; Tera-view, it's called now—

The Chair (Mr. Bob Delaney): Thank you very much. That concludes your deputation. It's good to see you again, Mr. Jesion.

Mr. Morris Jesion: Yes, same here.

ONTARIO HOME BUILDERS' ASSOCIATION

The Chair (Mr. Bob Delaney): Our next presentation will be the Ontario Home Builders' Association. Good afternoon, and welcome. You'll have—

Mr. John O'Toole: Chair, I'm going to read an order that I received—

The Chair (Mr. Bob Delaney): Mr. O'Toole, we've started here.

Mr. John O'Toole: I have been told—the committee branch has told me that you must allow me to have a point of order. I'm going to call you, as a Chair, as incompetent. I have a written document—

The Chair (Mr. Bob Delaney): Mr. O'Toole—

Mr. John O'Toole: —that says you did not recognize my point of order. Did you not?

The Chair (Mr. Bob Delaney): Mr. O'Toole, come to order.

Mr. John O'Toole: Okay. Well—

The Chair (Mr. Bob Delaney): Good.

Mr. John O'Toole: —I'm going to check on this. I'm going to be raising it—

The Chair (Mr. Bob Delaney): Thank you.

Mr. John O'Toole: —in the House tomorrow. Be prepared.

The Chair (Mr. Bob Delaney): That is your privilege as a member.

Mr. John O'Toole: These are budget hearings and they're just running roughshod over—I'm surprised that the NDP—

The Chair (Mr. Bob Delaney): To our deputant: You have 10 minutes to make your submission today, followed by five minutes of questioning. The question rotation this time will come from the NDP. Please begin by stating your name for Hansard and then proceed.

Mr. Joe Vaccaro: Mr. Chairman, members of the committee, good afternoon. My name is Joe Vaccaro and I serve as the chief operating officer of the Ontario Home Builders' Association. Thank you for providing me the opportunity to speak to you today on Bill 55. I am joined by Stephen Hamilton, the manager of government relations at Ontario Home Builders'.

The Ontario Home Builders' Association is the voice of the residential construction and professional renovations industry across Ontario. Our association includes 4,000 member companies organized into 29 local associations across the province. The residential construction industry is the largest industry in the province, supporting over 325,000 jobs here in Ontario, paying some \$17.1 billion in wages and contributing over \$39 billion to the provincial economy.

OHBA would like to highlight three areas related to the budget bill that are important to the association with respect to this legislation and its fiscal and regulatory context. First, Stephen will explain our support for the healthy homes renovation tax credit and describe how the credit will help our industry tackle the underground economy. I will then elaborate on the infrastructure investments that the government has committed to in this budget and how it is critical that we work to create a more efficient infrastructure and development approvals process.

I will now pass it over to Stephen.

Mr. Stephen Hamilton: Good afternoon. My name is Stephen Hamilton. I'm the manager of government relations at the Ontario Home Builders' Association. I also serve as staff to the Ontario Home Builders' Association renovators' council. As the staff member for this committee, I am regularly confronted by our membership on the realities that the residential renovation industry faces on a daily basis, as the cash economy remains the dominant business challenge.

Our association continues to believe that a broad-based, consumer-focused tax credit, similar to the expired federal government's 2009 home renovation tax rebate, is the best method to deal with the problem of the underground cash economy. Fundamentally, we believe that this is a problem that is best dealt with using a robust regulatory system that catches these operators, alongside a plan to address the demand side of renovations.

Related to this is the healthy homes renovation tax credit. The proposed credit offers a rebate to seniors to age in place by making accessibility-related retrofits. We support this initiative for two reasons. As community builders, OHBA supports the concept of complete communities. By providing incentives for seniors to age in place, we believe the healthy homes renovation tax credit accomplishes an important objective. Data from surveys as well as experience in our personal life tell us that seniors prefer to live in their home for as long as possible. Providing an incentive that allows seniors to retrofit their home to live more comfortably makes sense.

Secondly, the healthy homes renovation tax credit is important, as it addresses the problem of the underground economy. Underground operators don't pay WSIB, corporate taxes and personal taxes, and often do not receive the proper building permits. This compromises safety as well as general revenue. According to a 2010 Environics survey of over 1,000 Ontario homeowners, 56% admitted to paying cash for a home repair or renovation job, while 68% said they would be less likely to pay cash if they could receive a tax credit.

The renovation industry in Ontario represents \$21 billion in economic activity annually. Of this \$21 billion, \$14 billion was spent through contractor renovations. A 2009 report by the Altus Group found that approximately \$5.2 billion, or 37%, of all contractor renovations were paid for using underground operators. In terms of lost government revenue, the report finds that almost \$300 million in GST revenues are lost annually; \$1.6 billion in income tax revenue is lost annually; and \$767 million from other revenues such as the Canada pension plan, WSIB and employment insurance premiums are lost annually. Combined, this represents \$2.6 billion in lost government revenue.

We believe that the receipts generated from tax credits like the ecoEnergy rebate, the home renovation tax credit and the healthy homes renovation tax rebate provide the Canada Revenue Agency with a wealth of data that could be used to cross-reference those companies with WSIB information and building permit data to catch underground operators. In our opinion, the healthy homes renovation tax credit is a \$60-million investment that will repay itself by capturing underground economic activity.

I will now ask Joe Vaccaro to explain our position on infrastructure commitments.

Mr. Joe Vaccaro: OHBA responded favourably to the budget that was tabled in March, as it made significant investments in core infrastructure with the announcement of a new three-year, \$35-billion commitment. These investments will strengthen Ontario's economic growth, job creation and complement the sustainable development of complete communities.

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Right now, it is absolutely critical that the provincial government continue to strongly support job creation to ensure a sustainable recovery. Our members are very concerned about unemployment. Quite simply, if someone is worried about whether or not they'll have a job in

the future, they aren't going to purchase a new home or consider a major renovation.

Core infrastructure consists of the key building blocks for a growing economy and population. The provincial government should place core infrastructure as a priority over other types of community infrastructure. Roads, bridges, water, waste water and public transit support additional value-added private sector investment. We all recognize that those investments in new hospitals, more transit options and cleaner water are really investments in quality of life. We should also recognize that in a competitive global economy, our improving quality of life is a competitive advantage in attracting and retaining economic investment and jobs.

The infrastructure investment in the 2012 budget builds on \$62 billion of previous investments. Combined, that is over \$100 billion in total infrastructure investments into the 2015 year. The OHBA and our members in the residential building and development industry support this core infrastructure investment, as it serves to support the government's Places to Grow plan.

Investing in hospitals, transit, water and waste water in areas of planned and managed growth means we can protect and improve the quality of important natural and environmental features. This is essentially the goal of the growth plan: to plan, approve and support employment and community development in areas where we can maximize the investment in infrastructure and protect the areas where important environmental features need protection. Those two policy objectives complement each other when understanding the role of core infrastructure investments to support sustainable development of complete communities.

Budgeting and investing in core infrastructure is important, but it really is just half the work; the other half is building and delivering. If we are committed to improving our quality of life, supporting sustainable development of complete communities and protecting our environment, then we need to deliver hospitals, transit options and clean water on schedule and on budget.

For many years, OHBA has been identifying opportunities for all levels of government to integrate and improve the efficiency of the infrastructure and development approvals process. Whether you are a provincial government, a municipal government, a private developer or a landowner, we are all subject to this process. It is important for members of this committee to understand that it takes over 10 years to go from dirt to door, and a labyrinth of over 200 pieces of legislation and thousands of regulations to move communities through the development approvals process. I have provided a chart that illustrates just on a high level the various stages. But the point I want to make is that within these processes, there are opportunities to integrate and co-ordinate the process, as the various approvals are all being generated from the same core and necessary studies and reports.

OHBA worked through the government's Open for Business process to present the opportunity to integrate

the municipal environmental assessment process with the Planning Act, again, to take advantage of shared public meetings and reports to fulfill environmental requirements of the EA while delivering the necessary infrastructure to support planned and approved community development.

We recognize that the current budget bill does provide the government with tools to make the approvals process more efficient. As the chart illustrates, it is expansive, so we encourage the government to improve the process to better utilize a master environmental servicing plan, a master transportation plan, a watershed and sub-watershed study, natural heritage features report, environmental assessments and on and on and on to create a more efficient process. The process will continue to support and improve environmental standards while approving and delivering core infrastructure in a timely and efficient way that supports sustainable community development and improves our quality of life. OHBA sees this as a positive step in improving the efficiency of the approvals process and delivering those new hospitals, clean water and more transit options to Ontarians.

Again, thank you for this opportunity to speak on behalf of my 4,000 members. We continue to be engaged in this very important discussion and look forward to your comments.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much for your presentation. Thank you for the comprehensive chart that you've given us to try to connect the dots, too. In an earlier submission from OAPSOR, we heard about a provision within the bill, section 5 of schedule 61, that will eliminate the land registry offices in Ontario. I see in your chart it's right at the top in terms of what comes first when a land development—throughout the process. How do you think this decision will affect, either to the detriment or to the betterment, the process? How will it affect your industry members?

Mr. Joe Vaccaro: The land registry office is fundamental to the whole process, right? It's where you start a conversation to determine ownership and the other pieces of that potential parcel for development.

I think there are two pieces to this. In some areas, eliminating the physical office will not have an impact, and I say that because in some areas, where planning is much more sophisticated, you have access—Toronto being a good example or the GTA in general. The challenge for us will be for our members in local associations out in Quinte, Kingston and some other areas—the challenge will be their ability—and we're not talking about large landowners here. We're talking about potentially just simply private property moving forward on constructing a home on a new lot. They will be challenged to figure out exactly how they assure themselves that they have the appropriate documentation and such.

From a practical standpoint, the concern will be in those rural areas where that physical visit to an office generates more than simply an assurance of what you've

purchased, but also a bit of a dialogue and history on what you're working on. We have concerns, and our members have voiced those concerns.

But again, we're looking to see how the rest of these pieces come together before we actually make a firm statement about the overall policy objective.

Mr. Taras Natyshak: This committee is one of those opportunities to put those pieces together, and I do appreciate your view on that submission.

I received the most recent copy of your magazine—from the Ontario Home Builders' Association. In it, your president, Doug Tarry, talks about generally the view or the thrust of Bill 55 being an austerity budget and actually cautions against it in this era of fiscal uncertainty. One of the reasons is that we know, just through simple economics, that stimulative measures, in terms of tangible infrastructure, add to the general well-being of an economy.

You spoke in favour of the healthy homes renovation tax credit. We have supported that initiative, although we have some concerns that it doesn't go far enough. It's sort of limited in its scope compared to other jurisdictions like Quebec, which offers a straight-across-the-board \$3,500 credit toward renovations. We're also concerned that there are no provisions for domestic procurement or at least Ontario procurement. I wonder if you could comment on how those would assist that program, what you would think about them?

Mr. Joe Vaccaro: We have long held the position that the most effective way, in our mind, of combating the underground economy, which is rampant in the renovation sector, is a broad-based consumer rebate. That's the success of the federal program in terms of engaging consumers directly to provide paperwork and then provide all the data necessary to ensure that people are playing by the rules and contributing as they should.

So our view is very much that the healthy homes renovation tax credit is a good first step; we'll take it, we appreciate it. We appreciate the general policy thrust around it but, again, will continue to advocate for a much broader expansion of that piece.

I would say in regards to your comments about my president's article, I think it links back to our presentation. We commend the government for the infrastructure investment in the austerity plan. The challenge now is to ensure that you continue to provide staff, resources or something that moves the process along. That's why I spoke a little bit about trying to find a more efficient process and move these things forward. The chart is expansive and we're all subject to it, whether you're MTO, a municipality or what have you. There is always an opportunity to find ways of integrating according to these pieces.

If the government's intention is to reduce the public service on one end, then they need to work on the efficiency of the process on the other end so that you can still get your approval in a timely way and move that infrastructure forward. We still want to see those subway lines built, those GO lines built, that waste water system

put in place. We still want new hospitals, we still want better transit options, we still want cleaner water. But if that's going to be jeopardized because you haven't improved the process—if you lose the people power, you've got to ensure that the process is now much more efficient to get you to your outcome.

The Chair (Mr. Bob Delaney): And on that note, I have to thank you very much for your time and coming in to join us today, and for your deputation.

ENVIRONMENT NORTH

The Chair (Mr. Bob Delaney): Our final presentation of the afternoon will be from Environment North, which is joining us by teleconference. Karen Peterson, are you there?

Ms. Karen Peterson: Yes, I am.

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The Chair (Mr. Bob Delaney): Okay. Welcome this afternoon. You will get the last word here today. You'll have 10 minutes to make your presentation, followed by up to five minutes of questioning. This round of questioning will come from the government side. Please begin by stating your name for Hansard, and then proceed.

Ms. Karen Peterson: Okay. Thank you very much. My name is Karen Peterson. I'm a member of Environment North. They've asked me today to present their presentation. I thank you very much for the opportunity, on behalf of Environment North, to be able to present today.

The first question I might have is, has everybody had an opportunity to get a copy of our presentation and had a chance to look it over?

The Chair (Mr. Bob Delaney): Your presentation has been distributed to all committee members, so we all have the paper copy in front of us. Thank you.

Ms. Karen Peterson: Okay. What I'll do, for brevity, I'll focus on the highlights. I won't read the document. I'll go through each paragraph and sort of pick out the main points.

Basically, our focus is on the environment and the economy. As a non-profit voluntary organization in Thunder Bay, we're member-based and our mandate is to focus on environmental issues, primarily in northwestern Ontario, but we also consider global issues such as climate change. Our focus is on education, monitoring and acting on issues, such as presenting to standing committees.

We have a number of concerns regarding Bill 55 and its potential regarding the environment and economy of northwestern Ontario. We're also concerned generally about governments using omnibus bills, and the broad implications for the erosion of democracy.

Specifically for Bill 55, there are 69 pieces of legislation in one bill, with 11 amendments pertaining to the environment. Given short time frames to respond to this document, we decided to focus on some key aspects pertaining to three of the acts, and those are the Crown Forest Sustainability Act, the Endangered Species Act and the Public Lands Act.

Being in northwestern Ontario, we're in the boreal forest, and the boreal forest has been considered the lungs of the earth. It filters greenhouse gases and stores carbon. Impacts from resource development such as forestry, mining and hydro development affect the functional capacity of ecosystems as well as our ability to pursue sustainable development.

The long-term impacts we see could happen to the economy of the region as well as the ecological integrity of the land.

In regard to the Crown Forest Sustainability Act, for example, forest management plans are currently a requirement for all crown forest management units, which ensures that a sustainable plan is in place. This shows purchasers that Ontario forests are harvested in a sustainable way. There is increased awareness and demand in global markets now for sustainably produced products, which gives a competitive advantage for forest operations in this region.

We're concerned about the changes to section 8 and the ability of the minister to exempt companies from preparing an FMP, a forest management plan. This would mean that there's no assurance of sustainable practice, it would lose the competitive edge as well as pose risks to the environment.

We also feel that there shouldn't be a unilateral approach, where the minister decides. Rather, it should be subject to the democratic processes that developed the act in the first place.

Endangered species: The Endangered Species Act is to protect species and promote stewardship. We're concerned about the extensions of the deadlines for recovery strategies, management plans and regulations, as we see this could undermine an endangered species's ability to thrive or revive itself. These amendments are contrary to the act's stated purpose.

This act, the Endangered Species Act, was the first to combine science, mandatory habitat protection and recovery planning. It already includes mechanisms to encourage stewardship. Removal of the overall benefit would mean that industry does not need to demonstrate that it will not harm species at risk. The overall benefit is the cornerstone for species recovery.

The Public Lands Act: The province has responsibility for stewardship of land, and democracy requires a public consultation regarding crown land and also with respect to the duty to consult in meaningful consultation with aboriginal peoples, First Nations and Métis in this region when access to lands could potentially infringe upon aboriginal treaty rights.

There's concern regarding the exemption from work permits, which allows greater access to extractive industries with potential harm to the environment.

There's also vague language within the amendments. Who will the minister delegate authority to, for example? This needs clarity. The ambiguity within the document doesn't support specific financial benefit, and noticeably missing within the omnibus is, what is the financial benefit overall for these amendments to the environmental legislation?

Removal of crown liability is a major concern. The benefits then will accrue to outside interests, and outside interest corporations are driven by a profit motive. What can happen—the risk to this region—is that there will be lasting and devastating impacts that are going to be left that are the responsibility of the province as well as the public, especially in regard to cleanup responsibilities.

In general, we feel that the omnibus bill is an erosion of the democratic process. It limits public engagement, especially for the north. Having hearings held in Toronto, for example, curtails voluntary organizations such as ours and individuals to have their voice heard.

We also see that this could be a political move to avoid transparency and not be subject to debate. This is coercive in nature, where elected officials may feel that the choice is between maintaining their own jobs rather than focusing on the effects of the legislation on their constituents. We see that there could be a danger there. So our recommendation is that Environment North state that all amendments related to environmental legislation be removed from the omnibus bill and be subject to the democratic processes available through the Ontario bill of rights and the Environmental Registry.

Thank you very much for this opportunity to present. I look forward to any questions or comments that you may have.

The Chair (Mr. Bob Delaney): Thank you very much. The questioning will come from Mr. Naqvi on the government side.

Mr. Yasir Naqvi: Thank you very much, Chair, and thank you, Ms. Peterson, for making a submission to our committee. I think you are our last deputant to this committee. This is five days running that we've been hearing from various people, so I really appreciate your time.

There are some other environmental measures also included in the budget, and I wanted to get a sense from you whether you will be supportive of them or not. One of the items that we have proposed in the budget is increasing water-taking charges for commercial and industrial water users, which would incent businesses to better conserve water and ensure more efficient and sustainable processes. Is that the kind of measure that would be supported by Environment North?

Ms. Karen Peterson: Well, we're always interested in initiatives that make sure there is accountability by the users of water or resources or whatever. But for this presentation, we didn't really have time to go into all the different acts. We specifically focused on those three acts. I would really need to look at the totality of that act and see what else is in there, what the trade-offs may be. But just from hearing what you're saying in regard to this, this seems like something we would look favourably upon.

Mr. Yasir Naqvi: I appreciate that, and I will also just draw your attention, when you are reviewing the bill in its entirety and looking at some of the other positive environmental measures, to another measure we have introduced in terms of increasing fees for hazardous waste. Those fees have not been updated since 2002, and our feeling as a government is that increasing the fee would provide greater incentives for companies to reduce or recycle waste. So I would encourage you to please look at that measure as well. I appreciate your time and making your presentation to the committee.

Ms. Karen Peterson: Thank you very much.

The Chair (Mr. Bob Delaney): And thank you very much for joining us by teleconference today. Thank you for your submission.

Ms. Karen Peterson: Okay, thank you.

The Chair (Mr. Bob Delaney): Just before we adjourn, I have two minor items here. The clerk informs me that a small number of written submissions were received a short time after the 12 noon deadline. Is it the will of the committee that these written submissions be accepted and be considered to be part of the record?

Mr. Yasir Naqvi: Yes, that's fine.

The Chair (Mr. Bob Delaney): Okay, so done.

A reminder to committee members that the deadline to file amendments with the committee clerk is today at 6 p.m. This is, in fact, a hard deadline. We are thus adjourned until Thursday, June 14th, at 9 a.m., for clause-by-clause consideration of Bill 55—do we have a room number? Down in the Amethyst Room, room 151.

May I request that the subcommittee members please stay behind for just a few minutes? We are adjourned.

The committee adjourned at 1702.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Journal des débats (Hansard)

Jeudi 14 juin 2012

Standing Committee on Finance and Economic Affairs

Strong Action for Ontario Act
(Budget Measures), 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
Greffière : Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Thursday 14 June 2012

Jeudi 14 juin 2012

*The committee met at 0908 in room 151.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / *Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.*

The Chair (Mr. Bob Delaney): Good morning, everybody. This is the Standing Committee on Finance and Economic Affairs, and we're here to do our clause-by-clause consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

Please note that I will put the question on consecutive sections that have no amendments together, but members may request to vote on each section individually. The default: If there are a whole series of sections that have no amendments, I'll ask for consideration of that whole series of sections. I'll ask for a show of hands when you vote.

Before we begin, does anybody have any comments or questions? Mr. O'Toole.

Mr. John O'Toole: Thank you, Chair, for the opportunity just to acknowledge that we have a total of 214 amendments—215 amendments, and a couple of days set aside. When I looked at and listened to the news this morning, the federal government was dealing with a few more, but not really, considering they're representing Canada and all the provinces and territories.

This is an omnibus bill we're dealing with, and I'm questioning whether or not sufficient time has been put into it. I just want that to be acknowledged on the record on behalf of the Tim Hudak and the Conservative Party.

The Chair (Mr. Bob Delaney): Thank you. Anything else? Ms. Forster.

Ms. Cindy Forster: This is my first round of finance with respect to the budget, and so I want to be clear that we're actually going to be voting on these amendments one by one and not—

The Chair (Mr. Bob Delaney): Yes. When I made the comment before, it was: If there's a series of sections

in the budget for which no amendments have been proposed—

Ms. Cindy Forster: Right.

The Chair (Mr. Bob Delaney): —and there's sometimes a whole series of them, we'll ask for consideration of a series of sections for which no amendments have been proposed all together, but not a whole series of proposed amendments together.

Ms. Cindy Forster: Okay.

The Chair (Mr. Bob Delaney): Okay. I just wanted to make sure that that one's clear.

Anything else? Okay. The first issue I'd like to deal with is whether or not we have unanimous consent to postpone the consideration of sections 1, 2 and 3 so that we can deal with the schedules first. Thoughts on that?

Mr. Michael Prue: Can you explain the rationale, Mr. Chair?

The Chair (Mr. Bob Delaney): The question that I'd like to ask is whether or not you would wish to deal with schedules, upon which sections 1, 2 and 3 may be dependent, before considering sections 1, 2 and 3.

Mr. John O'Toole: Could we perhaps have the clerk explain that?

The Chair (Mr. Bob Delaney): Absolutely.

The Clerk of the Committee (Ms. Valerie Quioc Lim): It is up to the committee, but it's a practice that we go through the schedules first and then go back to the sections in the bill, because the sections deal with the schedules themselves. But it's up to the committee.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: Could I ask a question, then? We have 215 amendments in order. If we do that, where do we start in the process?

The Clerk of the Committee (Ms. Valerie Quioc Lim): If we have unanimous consent to stand down sections 1, 2 and 3 of the bill, we go to schedule 1.

Mr. Michael Prue: I'm not perhaps phrasing this right. We have 215 amendments. They're sequentially in order. Are we going out of order if we agree to this?

The Clerk of the Committee (Ms. Valerie Quioc Lim): No, the first amendment here is on schedule 1, so we will start with the first amendment.

Mr. Michael Prue: So just the way it has been ordered. Thank you. Then I'm okay with it.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, I'm sharing, I think, the same confusion as Mr. Prue. I'm in agreement with Mr.

Prue on this. As long as we are moving ahead in the sequence that we have the amendments in front of us, I think it will be beneficial to all committee members, because I think we are prepared mentally to deal in a 1, 2, 3, 4 order. We'll just go along amendment by amendment, and then vote on the overall schedule towards the end and then continue with that, as sequenced here in the package that we received from the clerk's office.

Mr. John O'Toole: Chair? One more thing: I think this is valuable time—

The Chair (Mr. Bob Delaney): Hold on. Let me just answer Mr. Naqvi's question. Yes, my understanding is that that's the way we're going.

Mr. Yasir Naqvi: Thank you.

The Chair (Mr. Bob Delaney): Mr. O'Toole.

Mr. John O'Toole: Legal counsel, is that the proper way? As far as the number of times I've done this on this very committee, they've always dealt with the amendments as presented, as written by the researchers, that deal with the sections that we're dealing with. If there's any deviation from that—am I wrong to assume that's how it should be done?

Ms. Laura Hopkins: Conventionally, the approach that's being proposed is exactly what's done, starting with schedule 1 and working to the last of the schedules, and then finally voting sections 1, 2 and 3 of the first page of the bill, which refer to the schedules.

Mr. John O'Toole: Thank you.

The Chair (Mr. Bob Delaney): Any further discussion? Okay, I just want to, then, make it clear. Is it the will of the committee that we begin with schedule 1—in other words, the package of amendments as it exists in front of you?

Mr. John O'Toole: Agreed.

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Okay, thank you.

At least until we start to get the rhythm and the flow of the documents, please bear with the Chair as we make sure that we're doing this in the right order.

There are no proposed amendments to schedule 1, section 1. Shall schedule 1, section 1, carry? Carried. Thank you.

Mr. John O'Toole: Excuse me again. Just a clarification: I would say that where there—researchers have reviewed each section or schedule, and they have reviewed each section within the schedule. So we're really only dealing with the amendments to that particular part of the schedule.

I don't think we need to vote—we will vote on that schedule at the end of schedule 1, which would include 1, 2, 3, 4 and 5. We may have only had amendments to 6 and 7. We will deal with 6 and 7. But that presumes that the other schedules are as such, unless we want to debate them. We can't move amendments in them, anyway, so they are as they are presented. Amendments had to be in by 6 o'clock yesterday.

The Chair (Mr. Bob Delaney): I think we're talking about the same thing. We're just going to go schedule by

schedule, section by section. I don't think you're going to find that anything is out of order.

Ms. Forster?

Ms. Cindy Forster: I think, actually, what Mr. O'Toole is suggesting is that we deal with the amendments, as opposed to dealing with each section and subsection of 1. So we deal with the amendments, and then we vote on the schedule—

Mr. Michael Prue: As amended.

Ms. Cindy Forster: —as amended.

The Chair (Mr. Bob Delaney): That in fact is right where we are now, with number 1 in your package, which is an NDP motion, which would be subsection 2(1) of schedule 1. Are we talking about the same thing here?

Mr. Michael Prue: I believe we are. I think the confusion will melt away as we go through.

The Chair (Mr. Bob Delaney): The object here is to make sure we all understand what it is that we're doing. If at any point you don't, stop me and we'll make sure that we clarify everything with the clerk, the legal counsel or anybody else whose opinion will serve to edify us in the circumstances.

In your package, number 1: Mr. Prue.

Mr. Michael Prue: I move that subsection 21(3.4) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(1) of schedule 1 to the bill, be struck out and the following substituted:

"Same

"(3.4) The written reasons must demonstrate that the arbitrator has considered the factors set out in paragraphs 1 to 7 of subsection (2), and may deal with other matters as the arbitrator considers appropriate."

If I may, the rationale for this is we believe that this will help the union, employer and arbitrator to address each criteria, including ability to pay, and builds in some flexibility. The unions and arbitration community want more flexibility in addressing criteria and therefore more flexibility to cut a deal and shorten the process.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, our recommendation is to vote against this motion. The proposed government motion number 2 would address this motion and would remove the reference to "proper consideration." By removing the word "clearly," as proposed here, it would mean that arbitrators would not have to demonstrate clear consideration of the criteria on which he or she received submissions from a party. The purpose of the proposed legislation is to increase accountability and transparency within the interest arbitration system while preserving the essential independence of the decision-making process.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed?

Mr. John O'Toole: Who called for a recorded vote?

The Chair (Mr. Bob Delaney): I declare the amendment lost.

You have to call for the recorded vote before we ask for it.

Interjections.

The Chair (Mr. Bob Delaney): I'm sorry?

Mr. John O'Toole: Who asked for the recorded vote?

The Chair (Mr. Bob Delaney): It wasn't a recorded vote.

Interjection.

Mr. John O'Toole: Yes, you did. It was a recorded vote.

Interjections.

The Chair (Mr. Bob Delaney): Mr. O'Toole, no one called for a recorded vote. If you call for recorded votes, then we will record on the show of hands. Okay? All right.

In your package, number 2, a government motion: Mr. Naqvi.

0920

Mr. Yasir Naqvi: I move that subsections 21(3.1), (3.2), (3.3) and (3.4) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(1) of schedule 1 to the bill, be struck out and the following substituted:

"Submissions re criteria

"(3.1) A party shall make submissions to the arbitrator on any of the criteria set out in subsection (2) in respect of which the party intends to request written reasons from the arbitrator.

"Reasons

"(3.2) When the arbitrator gives a decision, he or she shall provide written reasons upon the request of either party.

"Same

"(3.3) The written reasons must clearly demonstrate that the arbitrator has considered the criteria on which a party has made submissions under subsection (3.1), and may deal with other matters as the arbitrator considers appropriate."

If I may, Chair, the proposed subsections 21(3.1), (3.2), (3.3) and (3.4) of the Ambulance Services Collective Bargaining Act would require the parties, unless they jointly agree otherwise, to provide submissions on each of the statutory criteria listed in the act and would require, upon the request of either party, an arbitrator to provide written reasons which clearly demonstrate that the arbitrator had given proper consideration to each of those criteria.

The proposed motion would amend those provisions to require a party to make submissions only on the criteria set out in the act in respect of which it intends to request written reasons from the arbitrator and a corresponding requirement on an arbitrator to provide written reasons on the request of either party, and to include in those reasons a clear demonstration that the arbitrator has considered the criteria on which he or she receives submissions from a party.

The Chair (Mr. Bob Delaney): Any discussion? Mr. Prue.

Mr. Michael Prue: Only to say: Although I thought ours was better, I'm going to vote for yours because at least it does most of the same thing.

Mr. Yasir Naqvi: Thank you, Mr. Prue.

The Chair (Mr. Bob Delaney): You've got to like harmony.

Shall the amendment carry? Carried.

In your package, sheet number 3, government motion. Mr. Naqvi.

Mr. Yasir Naqvi: I move that subsections 21(12), (13), (14), (15), (16) and (17) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(4) of schedule 1 to the bill, be struck out and the following substituted:

"Time for final submissions

"(12) If the arbitrator has not given his or her decision on or before the date that is 14 months after the referral date, each of the parties shall, on or before the date that is 15 months after the referral date, make its final written submissions to the arbitrator, including,

"(a) any submissions required by subsection (3.1); and

"(b) a list of any matters that the parties have already agreed upon.

"Time for decision

"(13) The arbitrator shall give his or her decision on or before the date that is 16 months after the referral date, unless an extension is obtained under subsection (16).

"Same

"(14) The 16-month deadline applies even if a replacement has been appointed under subsection 20(4).

"Same

"(15) The arbitrator shall comply with the 16-month deadline even if one or both of the parties fail to make final written submissions in accordance with subsection (12).

"Application to board for extension

"(16) The parties may jointly apply to the board for an order extending the 16-month deadline, and in that case the following rules apply:

"1. The application must be filed with the board before the 16-month deadline expires.

"2. The board,

"(i) must deal with the application on an expedited basis,

"(ii) may grant only one extension in each arbitration proceeding, and

"(iii) may grant an extension only in exceptional circumstances.

"3. The extension, if granted, must not exceed two months after the date that is 16 months after the referral date.

"Termination of arbitrator's appointment

"(17) The arbitrator's appointment is immediately terminated if he or she fails to comply with the 16-month deadline and one of the following conditions exists:

"1. No application has been made for an extension.

"2. An application for an extension has been dismissed.

“3. An application for an extension has been granted but the arbitrator has not given his or her decision before the expiry of the extension period.”

By way of explanation, the proposed subsections that are mentioned in schedule 1 would provide the timelines to complete an interest arbitration proceeding. The purpose of this proposed change is to extend each timeline by four months. Specifically, the motion would amend timeline references as follows: 12 months to 16 months; 11 months to 15 months; and 10 months to 14 months.

Based upon feedback from stakeholders, it was felt that an extra four months was necessary to allow for central bargaining to occur first, and we heard that sometimes it can take a few months for unions and management to find, agree upon and have the initial meeting with an arbitrator.

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? I heard a no. All those in favour? All those opposed? I declare the amendment carried.

We'll move on to page number 4 in your package.

Mr. Yasir Naqvi: I move that subsection 21(21) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(4) of schedule 1 to the bill, be amended by striking out “submissions that comply with subsection (3.1)” and substituting “any submissions required by subsection (3.1)”.

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

Mr. Yasir Naqvi: Chair, I move that subsections—

The Chair (Mr. Bob Delaney): Hold on. Don't get ahead of me.

Mr. Yasir Naqvi: Sorry.

The Chair (Mr. Bob Delaney): In your package, page number 5: Mr. Naqvi.

Mr. Yasir Naqvi: I move that subsections 21(22), (23) and (26) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(4) of schedule 1 to the bill, be amended by striking out “final submissions” wherever it appears and substituting in each case “final written submissions”.

The Chair (Mr. Bob Delaney): Discussions? Explanations? Shall the amendment carry? Carried.

In your packages, number 6: Mr. Naqvi.

Mr. Yasir Naqvi: I move that subsection 21(27) of the Ambulance Services Collective Bargaining Act, 2001, as set out in subsection 2(4) of schedule 1 to the bill, be amended by striking out “Subsections (2), (3.3) and (3.4)” at the beginning and substituting “Subsections (2), (3.2) and (3.3)”.

The Chair (Mr. Bob Delaney): Discussion? Explanations? Shall the amendment carry? Carried.

Shall schedule 1, section 2, as amended, carry? Carried.

Shall schedule 1, section 3 carry? Carried. And if I ask you that, it means obviously that there have been no proposed amendments.

We're on page 7 in your packages: Mr. Naqvi.

Mr. Yasir Naqvi: I move that subsection 28.1(2) of the Ambulance Services Collective Bargaining Act, 2001, as set out in section 4 of schedule 1 to the bill, be amended by striking out “Subsections 21(3.1) to (3.4)” at the beginning and substituting “Subsections 21(3.1) to (3.3)”.

The Chair (Mr. Bob Delaney): Shall the amendment carry? Carried.

Page 8 in your packages. Government motion: Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I move that subsection 28.1(3) of the Ambulance Services Collective Bargaining Act, 2001, as set out in section 4 of schedule 1 to the bill, be struck out and the following substituted:

“Same

“(3) If the referral date falls on or after March 27, 2012, but before the day on which the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent,

“(a) the parties shall make their final written submissions to the arbitrator on or before the date that is 15 months after the date of royal assent, not as provided in subsection 21(12); and

“(b) the arbitrator shall give his or her decision on or before the date that is 16 months after the date of royal assent, not as provided in subsection 21(13).”

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Shall schedule 1, section—

Mr. Michael Prue: Chair, before the vote, I would request a 20-minute recess.

The Chair (Mr. Bob Delaney): A 20-minute recess has been requested. The committee will reconvene at 10 to 10. We are in recess.

The committee recessed from 0930 to 0947.

The Chair (Mr. Bob Delaney): Now we'll come back to order. We are here again to resume our consideration of Bill 55.

Shall schedule 1, section 4, as amended, carry?

Mr. Michael Prue: Mr. Chair?

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: To speak to this: I just want to make sure exactly what we are voting on here. In my understanding, if you don't want the schedule, you simply vote no. I understand number 9 is a notice and is not a motion. Would that be correct?

The Chair (Mr. Bob Delaney): That's my understanding.

Mr. Michael Prue: I just want to make sure, because we do have number 9, the NDP notice of our intent.

The Chair (Mr. Bob Delaney): We're only on section 4 and the schedule itself hasn't come for a vote.

Mr. Michael Prue: Okay, sorry. That's fine. My mistake.

The Chair (Mr. Bob Delaney): In other words, the apocalyptic decision hasn't yet come before the committee.

Mr. Michael Prue: It hasn't yet come before us. Okay, thank you.

The Chair (Mr. Bob Delaney): So we're clear, then? We're voting on section 4 of schedule 1, not all of schedule 1.

Shall schedule 1, section 4, as amended, carry? Carried.

There are no proposed amendments to schedules 5 and 6. Is there any discussion on schedules 5—

The Clerk of the Committee (Ms. Valerie Quioc Lim): Section 5.

The Chair (Mr. Bob Delaney):—section 5 and section 6 of schedule 1? Is there any discussion on section 5 and section 6 of schedule 1? Shall section 5 and section 6 of schedule 1 carry? Carried.

Is there any further discussion on schedule 1? Mr. Prue.

Mr. Michael Prue: Mr. Chair, if I can ask this question at this point: We have number 9, which I believe is a notice and not a motion, and therefore would simply be an indication to the committee of the NDP's position. If the NDP is of a mind to vote for the schedule, we would vote yes, and if we are of a mind to vote against the schedule, we would vote no. Is that how I would take this?

The Chair (Mr. Bob Delaney): That's my understanding as well.

Mr. Michael Prue: And that motion 9 would be—it's irrelevant; it's out of order.

The Chair (Mr. Bob Delaney): Well, it's hard to say that something that isn't a motion is out of order, because it was never in order.

Mr. Michael Prue: Okay, but it is numbered.

The Chair (Mr. Bob Delaney): Yes.

Mr. Michael Prue: And it will not be dealt with?

The Chair (Mr. Bob Delaney): Correct.

Mr. Michael Prue: Thank you. Then I understand fully.

Mr. John O'Toole: But he's going to have to call the whole section anyway, so it's a moot point.

Mr. Michael Prue: I would request a recorded vote, please, on this.

The Chair (Mr. Bob Delaney): Mr. Prue has requested a recorded vote on schedule 1. Is there any further discussion on schedule 1? Mr. O'Toole.

Mr. John O'Toole: Just a question for clarification: We'll be voting on this section as it is now and not at the end of the whole thing? We'll vote for each section so it's done, and I'd request a recorded vote on it.

The Chair (Mr. Bob Delaney): Okay, a recorded vote having already been requested, thank you. Shall schedule 1, as amended, carry?

Ayes

Naqvi, Piruzza, Wong.

Nays

Fedeli, Forster, McNaughton, O'Toole, Prue.

The Chair (Mr. Bob Delaney): I declare schedule 1 lost.

In your packages, on—

Mr. Victor Fedeli: Excuse me, Chair. I hate to interrupt. I apologize. They're voting on Bill 8 in the Legislature in about seven minutes. I hate to say that, but it is something that may be close to our hearts. It is the One Call bill.

Mrs. Teresa Piruzza: Is it a recorded vote?

Mr. Victor Fedeli: No, it's a voice vote.

Mr. Yasir Naqvi: I think they're done.

Mr. John O'Toole: Yes, it is. It's in recess until 1030, so they dropped the debate. The debate this morning was on 8, and it's finished, so it's recessed until 1030.

Mr. Michael Prue: Obviously passed on a recorded vote.

The Chair (Mr. Bob Delaney): It would have to have been a voice vote, otherwise we would have heard bells ringing.

Interjections.

The Chair (Mr. Bob Delaney): The whole idea here, while we're considering the budget, is that nobody gets a surprise, so we're just going to make sure as we go along that we all know where we are on the road map and we all know what it is that we're considering, and so far, so good. I have no trouble with Mr. Fedeli's question. Let's just make sure that we all understand where we are as things proceed.

We're at number 10 in your packages. This is a PC motion. Mr. O'Toole.

Mr. John O'Toole: Yes, Chair. I move that paragraph 3.1 of subsection 3(1) of the Assessment Act, as set out in section 1 of schedule 2 to the bill, be struck out and the following substituted:

"Land ancillary to operation of a cemetery

"3.1 Land, including land on which is located a crematorium, that is ancillary to the operation of a cemetery that is exempt under this section.

"This paragraph applies for the 2008-2012 taxation years."

The Chair (Mr. Bob Delaney): Any explanation or discussion?

Mr. John O'Toole: The explanation is that this schedule, as it is written, fails to recognize that there are a handful of crematoria in the province incorrectly paying property tax as far back as 2008. It is a matter of fairness to these operations that we believe the date should be amended to cover 2008 and 2009.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, I ask for a 20-minute recess.

The Chair (Mr. Bob Delaney): Just before the debate and the vote, is there any further debate? The 20-minute recess will take us to 10:15.

Interjection.

The Chair (Mr. Bob Delaney): Just before we go to recess, just to clarify, we'll come back, vote on this at 10:15, and then recess until the afternoon.

The committee recessed from 0955 to 1014.

The Chair (Mr. Bob Delaney): Okay. We're 30 seconds early. We are now at Mr. O'Toole.

Mr. John O'Toole: I'd like to make it clear to the other members that this is a fairly significant amendment. It recognizes, in fairness, the years that were taxed, and the amendment put forward by the government, or the bill itself—

The Chair (Mr. Bob Delaney): Mr. O'Toole, we—

Mr. John O'Toole: —and I'd like to suggest that Steve Clark had raised this question with the Premier, and that's why I wanted it on the record, because Steve Clark has worked very hard on this. I'd ask the government members to consider supporting this amendment.

The Chair (Mr. Bob Delaney): Mr. O'Toole, at this point, we've had our recess and we'll now consider the question. Shall the amendment carry? All those in favour? All those opposed? I declare the amendment lost.

Just before we go to recess, we can dispose of a number of sections here that really have no amendments.

Shall schedule 2, section 1, carry? Carried.

We can consider schedule 2, section 2, and schedule 2, section 3, together, as there are no proposed amendments.

Mr. John O'Toole: You may as well do 4 as well.

The Chair (Mr. Bob Delaney): Are there any amendments on—

Mr. John O'Toole: No, there aren't any.

The Chair (Mr. Bob Delaney): Shall sections 2, 3 and 4 of schedule 2 carry? Carried.

Shall schedule 2 carry? Carried.

We are now in recess until 1 o'clock in this room.

The committee recessed from 1017 to 1303.

The Chair (Mr. Bob Delaney): Good afternoon, everybody. Welcome back to the Standing Committee on Finance and Economic Affairs. We will continue our clause-by-clause consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

In front of each committee member, two additional sheets have been distributed to you this afternoon which should have been included in the original amendment package but were not included due to an administrative error. The first would be page 2 of amendment number 113, and the second one is amendment 135A, which goes after amendment number 135. These amendments were properly filed by the amendment deadline, and my hard-working clerk, who has done yeoman's service under very tight time pressures, advises that they will go all the way through and do their proper due diligence to ensure that there are no more amendments that were properly filed that are not in your package.

Let's go back to where we were when we left off. We are now considering schedule 3. We're looking at schedule 3, sections 1 to 3. I'm planning to call all of the sections of schedule 3. There are no proposed amendments.

First of all, is there any discussion on schedule 3? Okay. Shall schedule 3, sections 1, 2 and 3 carry? Carried.

Shall schedule 3 carry? Carried.

I apologize in advance if in the course of the afternoon I or any other member of the committee confuses a schedule and a section. I'm sure we're going to get it all right as long as at least one person—

Mr. Yasir Naqvi: Hansard is paying attention.

The Chair (Mr. Bob Delaney): Right. Okay. We are now on schedule 4. There are no amendments proposed to sections 1 through 4, inclusive. Shall schedule 4, sections 1, 2, 3 and 4 carry? Carried.

Shall schedule 4 carry? Carried.

We're now considering schedule 5. In your package, number 11, we have a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the definition of "cash compensation" in subsection 7.1(1) of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be amended by striking out "pay for performance awards" and substituting "performance pay".

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: By way of explanation: Subsection 7.1(1) of the proposed new part would define certain key terms used in that part, such as "cash compensation." The purpose of the proposed amendment to the definition of "cash compensation" is to ensure internal consistency and support the introduction of an additional restraint measure relating to amount of performance pay that is available for a designated employer to provide to its employees and office holders in respect of an assessment of performance.

The Chair (Mr. Bob Delaney): Any discussion?

Mr. John O'Toole: Yes, just a question: Would there be an occasion where someone would be paid cash?

Mr. Yasir Naqvi: I'm going to call my lifeline here. Maybe call one of the lawyers responsible for this particular legislation to answer the question, please?

The Chair (Mr. Bob Delaney): Please introduce yourself for Hansard before you begin your response.

Ms. Sandra Girard: Hello. I'm Sandra Girard from legal counsel with the Ministry of Government Services. The cash compensation is simply a definition. It refers to the sum of all salary, discretionary and non-discretionary payments. It's simply a terminology that would refer to salary and income received.

Mr. John O'Toole: I guess my question, for clarification, is, would there be an occasion where someone would be compensated with cash money?

Ms. Sandra Girard: No. The reason we have—

Mr. John O'Toole: So that's the answer, then. There's no cash. I'd be wondering how they'd be accountable if there were cash transactions.

Ms. Sandra Girard: The technical distinction is to distinguish it from the definition of "compensation" that's below.

Mr. John O'Toole: Good. Okay.

Mr. Yasir Naqvi: Thank you.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: Just so I make sure I have it 100% correct: I think what this is trying to do is to make sure that the bonuses that are paid are included in the total cash compensation so that with something like the sunshine list, someone couldn't hide behind per diems and other things. Is that—

Ms. Sandra Girard: The purpose of the terminology “cash compensation” is to distinguish it from other forms of compensation, which can include benefits, perquisites and general compensation plans of an employee.

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Mr. Michael Prue: Okay, thank you.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Government motion number 12 in your package: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 7.1(1) of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be amended by adding the following definition:

“performance pay” means compensation paid by an employer to an employee or office holder in respect of an assessment of his or her performance;”

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, subsection 7.1(1) of the proposed new part would define certain key terms used in that part, such as performance pay. The purpose of the proposed amendment is to support the introduction of an additional restraint measure relating to the amount of performance pay that is available for a designated employer to provide to its employees and office holders in respect of an assessment of performance.

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

The next item in your package, amendment 13, depends upon the passage of number 16 in your package. So number 13 will be postponed, pending the consideration of number 16.

Mr. John O'Toole: Clarification: Does that mean that this amendment, as scheduled here, is out of order?

The Chair (Mr. Bob Delaney): It doesn't mean that it's out of order. It does mean that there's a dependency upon consideration of a later amendment, so the amendment before you is in the correct numerical order but its consideration should properly be postponed—

Mr. John O'Toole: So they're simply adding this section and then it would be dealt with, I guess, in the subsequent 16. Is that it?

The Chair (Mr. Bob Delaney): Correct. There's a dependency upon the amendment proposed in 16 for 13 to be considered.

Mr. John O'Toole: Yes, I understand.

The Chair (Mr. Bob Delaney): So it would be improper to consider number 13, which would assume the passage of number 16. We will continue on to number 16 prior to coming back to number 13, which would be in

order if the amendment proposed in 16 is adopted, and out of order if the amendment proposed in 16 is defeated.

Mr. Victor Fedeli: Gotcha.

The Chair (Mr. Bob Delaney): Got it?

Mr. John O'Toole: I would conclude that actually it should have been part of the amendment to that section 7.8.1. You should be adding it then, first, and then you deal with the other thing, which would be included in it. That's all you're doing, is adding to that section. Anyway, that's fine.

The Chair (Mr. Bob Delaney): Okay. All right.

So we'll now move to consideration of number 14, a PC motion. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 7.5 of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be struck out and the following substituted:

“Expiry of certain restraint measures

“7.5(1) The restraint measures in sections 7.6 to 7.12 expire on a day to be named by proclamation of the Lieutenant Governor.

“Proclamation

“(2) The Lieutenant Governor may by proclamation name the date on which the restraint measures in sections 7.6 to 7.12 expire.

“Expiry date

“(3) The date named in the proclamation must be on or after the day public accounts for a fiscal year are laid before the assembly indicating that the province did not have a deficit for that fiscal year.

“Interpretation, deficit

“(4) For the purposes of subsection (3), the province is considered not to have a deficit for a fiscal year if the expenditures of the province for the fiscal year do not exceed the revenues for the fiscal year.”

The Chair (Mr. Bob Delaney): Further comment and debate?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Our recommendation to the members will be to vote against this motion. Restricting compensation for a potentially longer period could erode competitiveness of compensation, impacting recruitment and retention of senior leaders within the broader public sector.

The proposed amendments to the act include a requirement for designated employers to conduct compensation studies. This requirement does not have an expiration date. This would provide a mechanism to determine appropriate compensation on a go-forward basis, and restraint measures, including the duration and scope, are reviewed regularly as part of the government's fiscal planning process.

The Chair (Mr. Bob Delaney): Further debate? Mr. Prue?

Mr. Michael Prue: It seems to me that probably almost everyone affected by this is on the sunshine list. Tell me if I'm wrong, but I would think that almost all of the executives who will be affected by this earn

\$100,000-plus, many of them into the several-hundred-thousand-dollar-plus range.

Ms. Cindy Forster: Or million.

Mr. Michael Prue: Well, who knows? There's lots of people out there. I don't see how that's going to cause any difficulty retaining people who make that kind of salary. Quite frankly, I don't. If this should pass, they have every intention, I would hope, of making sure that we are out of fiscal difficulty as soon as possible so that they can get a pay raise. That would seem logical to me.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Well, this is something that is reviewed on a regular basis, Chair, and to take a certain step like this for an indeterminate period, I think, can impact the performance of the broader public service.

I think the government has taken pretty strong measures over the last few years, and there are measures that we are contemplating in this budget bill as well, in terms of introducing restraint for the next two years. I think it's prudent and in line with a course of action that will allow us to get to a sustainable fiscal path in terms of the government's plan to balance the budget by 2017-18, and that's appropriate. So our recommendation is to vote against this particular motion.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Chair. Basically, this changes the expiry date of the restraint measures from the two-year mark until such a time when Ontario reaches a balanced budget and eliminates the deficit. So this applies to those currently defined under the broader public sector act's sunshine list.

The Chair (Mr. Bob Delaney): Further debate? Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

In your packages, number 15. Government motion: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the English version of clause 7.8(3)(b) of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be amended by striking out "the compensation plan as it existed for the position or office" and substituting "the compensation plan that is in effect for the position or office".

The Chair (Mr. Bob Delaney): Mr. Naqvi, any explanation?

Mr. Yasir Naqvi: Chair, the purpose of this proposed amendment is to ensure internal consistency regarding references to the compensation plan to which restraint measures would apply. A similar amendment to the French version of the bill is not necessary because that version uses consistent wording throughout the bill.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. O'Toole?

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Mr. John O'Toole: Well, I guess my sense of this—understand, we'll be voting against this, but it gives them more discretion within the department, what is their pay grid and what is their scope within those—the flexibility. Is that basically what it's doing? It allows them more

discretion as opposed to a plan that's stated in public and for them to just have a fund that they can, in some discretionary way, continue to increase people's pay.

Mr. Yasir Naqvi: I'll ask counsel to come and answer that question, please.

Ms. Sandra Girard: No. This is simply a technical amendment for terminology purposes. The provisions relating to compensation plans are set out in a different provision.

The Chair (Mr. Bob Delaney): Any further comment? Shall the amendment carry? Carried.

On page 16 of your package, a government motion: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that part II.1 of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be amended by adding the following section:

"No increase in performance pay envelope

"7.8.1(1) Every designated employer shall ensure that its performance pay envelope for any performance cycle that falls in whole or in part within the restraint period does not exceed its performance pay envelope for the last performance cycle, ending before the employer's effective date, in respect of which the employer paid performance pay.

"Definitions

"(2) In this section,

"employee", in relation to a designated employer, means, despite section 7.3, any employee of the employer, whether or not he or she is a designated executive, but does not include an employee described in subsection 7.3(3);

"office holder", in relation to a designated employer, means, despite section 7.3, any office holder of the employer, whether or not he or she is a designated office holder;

"performance cycle", in relation to a designated employer, means a period in respect of which the employer determines the performance pay to be paid to its employees and office holders;

"performance pay envelope", in relation to a designated employer, means the aggregate amount of all performance pay paid by the employer to its employees and office holders in respect of a specific performance cycle."

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The purpose of the proposed amendment is to introduce an additional restraint measure in the proposed new part relating to the amount of performance pay that is available for a designated employer to provide to its employees and office holders in respect of an assessment of performance. The proposed amendment defines certain terms and describes the maximum amount of performance pay which is available for a designated employer to award to all of his employees and office holders who do not collectively bargain compensation.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? Opposed? Carried.

We will revert back to number 13 in your package. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the definition of “restraint measure” in subsection 7.1(1) of the Broader Public Sector Accountability Act, 2010, as set out in section 1 of schedule 5 to the bill, be amended by adding “7.8.1” after “7.8”.

The Chair (Mr. Bob Delaney): Do we need any discussion or explanation on this? Mr. Naqvi.

Mr. Yasir Naqvi: I think it’s pretty self-explanatory. It’s technical.

The Chair (Mr. Bob Delaney): Shall the amendment carry? Carried.

Shall schedule 5, section 1, as amended, carry? All those in favour? Opposed? The section carries.

Sections 2 and 3 have no proposed amendments. Shall schedule 5, sections 2 and 3, carry? Carried.

Shall schedule 5, as amended, carry? All those in favour? Opposed? Carried.

Mr. O’Toole?

Mr. John O’Toole: Chair, could we have a small break, say five minutes?

The Chair (Mr. Bob Delaney): A five-minute recess? Agreed? Agreed.

The committee recessed from 1326 to 1331.

The Chair (Mr. Bob Delaney): Okay, we are back in session. We’re considering schedule 6. There are no proposed amendments to sections 1 through 28 of schedule 6. Are members prepared to vote on sections 1 through 28, inclusively?

Mr. Yasir Naqvi: Chair, I wanted to speak to the notice, which is number 17, if I may. Or do you want to come to that later, after—

The Chair (Mr. Bob Delaney): You can do it any time you want. Do you want to vote on the sections and speak to it just before we vote on the entire schedule? Or would you like to do it at the beginning?

Mr. Yasir Naqvi: Actually, I’ll speak to it in the beginning.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much. I really want to strongly recommend to the members of the committee not to follow the recommendation that is put by the third party in regard to schedule 6.

Basically, the amendments that are contained in schedule 6 are intended to facilitate the electronic service delivery with the modernization of ServiceOntario’s computer systems to ensure more efficient and cost-effective service delivery of those services. Part of the modernizing of ServiceOntario is to make it better for the consumers. That’s why these changes are proposed. It’s to facilitate that particular process. That is part of the company’s computer system that’s known as OMBIS.

If we vote this schedule down, it will make the process of the modernization of ServiceOntario—and there are amendments in that regard that are coming up as well—

difficult to accomplish, which is very much part and parcel of the budget—that was announced in the budget document—and the fiscal plan of the province, as well as of the government.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: We intend to vote against it, quite frankly, because we expect that the modernization of which Mr. Naqvi speaks is the precursor of the sell-off of ServiceOntario. This is a government agency that brings in far more money than it actually costs to run. We are opposed to the privatization of ServiceOntario and we think that this section will enhance the opportunity of businesspeople to pick it up once all of these changes have been made, and that’s the true intent of the government. It’s not to modernize but to sell.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: The intent is to make sure that we’re providing ServiceOntario in an efficient manner, in a cost-effective manner, better services to the people of Ontario who rely on services from ServiceOntario. That is an important effort, something that the budget spoke of in 2010 and was again repeated in 2011.

These changes are important in order to accomplish those modernization efforts, which, again, I will restate is very much part and parcel of the fiscal plan that the province put forward through the budget document to ensure that we are able to balance the books by 2017-18. Failure to do so, in terms of these changes that are proposed in the document, will obviously put accomplishment of the fiscal plan in a dubious position, so I would strongly recommend all members to vote for these changes. These are technical changes to ensure that we are able to undertake the modernization of ServiceOntario.

The Chair (Mr. Bob Delaney): Any further comment?

Mr. Michael Prue: On a recorded vote.

The Chair (Mr. Bob Delaney): Are members prepared to vote on sections 1 to 28, inclusively, of schedule 6 at this point?

Mr. Michael Prue: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 28 carry? Carried.

Mr. Michael Prue: I asked for a recorded vote.

The Chair (Mr. Bob Delaney): Oh, I’m sorry. I wasn’t sure whether you wanted a recorded vote on that or on the final one.

Mr. Michael Prue: No, you might as well.

The Chair (Mr. Bob Delaney): Okay. Let’s do a recorded vote. Shall sections 1 through 28 carry?

Ayes

Berardinetti, Naqvi, Piruzza.

Nays

Fedeli, Forster, McNaughton, O’Toole, Prue.

The Chair (Mr. Bob Delaney): I declare sections 1 through 28 lost.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Recess for 20 minutes, please.

The Chair (Mr. Bob Delaney): Would you like to have the recess prior to—

Interjection.

The Chair (Mr. Bob Delaney): Yes, recess for 20 minutes. Thank you.

The committee recessed from 1336 to 1356.

The Chair (Mr. Bob Delaney): Our consideration of Bill 55 will come back to order.

As sections 1 through 28 of schedule 6 have been defeated, it leaves little point on voting for schedule 6, as there's nothing to vote for.

Mr. Yasir Naqvi: Chair, I think you still need to have a vote on schedule 6, no?

The Chair (Mr. Bob Delaney): A vote would actually be out of order, as all of the sections of it have been defeated.

Mr. Yasir Naqvi: Okay.

Ms. Laura Hopkins: There's nothing to carry.

Mr. Yasir Naqvi: There's nothing to carry. Chair, I'd like to ask for a recess for 20 minutes.

Mr. Michael Prue: Mr. Chair?

Mr. Victor Fedeli: We don't agree with that.

Mr. John O'Toole: They had 20 minutes.

The Chair (Mr. Bob Delaney): As we don't yet have a vote, I think I'm going to move into the consideration of schedule 7. There's a PC motion, schedule 7, section 1.

I'm sorry, let me back that up again. There are no proposed amendments to schedule 7, section 1.

Shall schedule 7, section 1, carry?

Mr. Yasir Naqvi: Sorry.

The Chair (Mr. Bob Delaney): Hold on. Let's make sure everybody's on the same page here.

Mr. Yasir Naqvi: Yes, please.

Interjections.

The Chair (Mr. Bob Delaney): Here's where we are. Schedule 6 is, for practical purposes, lost.

We're now doing our consideration of schedule 7. There are no proposed amendments to section 1 of schedule 7. Is everybody with me on that?

Interjection: Okay.

The Chair (Mr. Bob Delaney): Shall schedule 7, section 1, carry? Carried.

We are on schedule 7, subsection 2(1). PC motion: Mr. O'Toole.

Mr. John O'Toole: I move that subsection 3(1) of the Business Names Act, as set out in subsection 2(1) of schedule 7 to the bill, be amended by striking out "Minister" and substituting "Lieutenant Governor in Council".

The Chair (Mr. Bob Delaney): Discussion? Explanation? Mr. O'Toole.

Mr. John O'Toole: Changing the appointment from the minister to the Lieutenant Governor in Council makes them subject to legislative oversight, and that's self-ex-

planatory. We don't want the minister to have absolute power to operate without accountability.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mrs. Teresa Piruzza: Chair, a 20-minute recess, please.

The Chair (Mr. Bob Delaney): A 20-minute recess has been requested.

Mrs. Teresa Piruzza: Thank you.

Mr. John O'Toole: Now they're using the 20-minute delays. No, we don't agree. We don't agree with 20 minutes.

The Chair (Mr. Bob Delaney): We'll reconvene at 2:20.

The committee recessed from 1400 to 1420.

The Chair (Mr. Bob Delaney): We will resume our consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

Just to recap, we are at amendment number 18 in your package. Pursuant to our recess, we are considering the amendment to schedule 7, subsection 2(1), subsection 3(1). This is a PC amendment. Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Before you continue on, I noticed that there's a new motion 79 that was placed on our desks. If you can explain that, please.

The Chair (Mr. Bob Delaney): You're right. I should have done that after we resumed, following the recess. In the same manner as I said earlier on, we had some additional motions. This one should go between number 78 and 80 in your package. It was a legally moved amendment and it was filed by the amendment deadline. Owing to an administrative error, as the clerks' office scrambled to get everything ready, it just simply wasn't included in your package. But it is in order in every respect.

Mr. John O'Toole: Chair, could I just move for a five-minute recess?

The Chair (Mr. Bob Delaney): Any objection to a five-minute recess? Five-minute recess.

The committee recessed from 1422 to 1428.

The Chair (Mr. Bob Delaney): Okay, we are back. We're at schedule 7, section 2, as amended.

Now, at this point, I have not yet put the question.

Shall schedule 7, section 2, as—

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Recess for 20 minutes, please.

The Chair (Mr. Bob Delaney): A 20-minute recess. We will reconvene at—

Mr. Michael Prue: Mr. Chair, we just had a 20-minute recess. We haven't conducted one piece of business. How is it you can ask for two in a row?

The Chair (Mr. Bob Delaney): What we just had was a recess requested by Mr. O'Toole for five minutes.

Mr. John O'Toole: For five minutes. Why do they always want 20?

The Chair (Mr. Bob Delaney): At this point, I have put the question and Mr. Naqvi, within the rules, has asked for a 20-minute recess prior to the consideration of schedule 7, section 2, as amended.

Mr. Monte McNaughton: Liberals don't want to work.

Mr. Michael Prue: Could I make a statement?

The Chair (Mr. Bob Delaney): Yes.

Mr. Michael Prue: And I'm not going to—

Interjections.

The Chair (Mr. Bob Delaney): Order, order. We've been doing fine so far. Mr. Prue.

Mr. Michael Prue: I am not going to deny that Mr. Naqvi has the right. I'm fully cognizant of the rules of the Legislature—

The Chair (Mr. Bob Delaney): As well you should be.

Mr. Michael Prue: Yes, as well I should be—that allow him to seek 20 minutes. However, I am also cognizant, and I think all members should be cognizant, of the rules that the House has placed upon us, that we have a limited period of time in which to accomplish the goals of the 215 amendments plus all the other ancillary votes, and that if we fail to do so by 2 o'clock on Tuesday, there will be no debate or discussion or anything. We will be voting on them one after the other without even the opportunity for a recess for a comfort break. So I just want all members to know that the repeated requests are going to hugely impact the members of this committee and what we are able to do or accomplish come Tuesday.

Having said that, of course Mr. Naqvi is entitled to his recess.

The Chair (Mr. Bob Delaney): Mr. Prue is procedurally correct in all areas, save for one small area: The Chair does have the discretion to call a comfort break.

We are in recess until 10 minutes to 3.

The committee recessed from 1430 to 1450.

The Chair (Mr. Bob Delaney): Welcome back. We are now at the point of voting on schedule 7, section 2.

Shall schedule 7, section 2, as amended, carry? All those in favour, raise your hands. All those opposed?

Mr. Yasir Naqvi: That was your amendment.

Mr. John O'Toole: Which one are we on?

Laughter.

Mr. Victor Fedeli: Are we not voting on page 19?

Mr. John O'Toole: Page 19? Hang on—

The Chair (Mr. Bob Delaney): Wait a minute. All right, I want to make sure that—this is why I walked around beforehand. I want to make sure that we all grasp where we are now. We've considered the PC motion from Mr. O'Toole amending schedule 7, section 2. That motion carried. Now what we're voting on is the entirety of schedule 7, section 2, as amended.

Mr. Michael Prue: This is the whole thing?

The Chair (Mr. Bob Delaney): Not all of schedule 7—I know where you're going with that. We are voting on schedule 7, section 2.

Mr. Fedeli.

Mr. Victor Fedeli: Chair, is it possible to vote on schedule 7, page 19?

The Chair (Mr. Bob Delaney): Not yet. You're jumping ahead of me. Yes, we will ultimately come to voting on—

Mr. Victor Fedeli: But didn't we combine them several other times?

The Chair (Mr. Bob Delaney): We don't block consider them if there have been amendments.

Mr. Victor Fedeli: So we've dealt with the one that had the amendment.

The Chair (Mr. Bob Delaney): Yes. This is what we're doing now: schedule 7, section 2, for which an amendment was proposed. The amendment carried, so now what I'm asking is: Shall schedule 7, section 2, as amended, carry?

Mr. Victor Fedeli: I understand.

The Chair (Mr. Bob Delaney): All right? Okay. Do you want to take this one from the top?

Shall schedule 7, section 2, as amended, carry? All those in favour? All those opposed? Schedule 7, section 2, as amended, carries.

We have a number of sections for which no amendments are proposed—I'm sorry?

Mr. Michael Prue: All of section 7 has to be voted on.

The Chair (Mr. Bob Delaney): Well, this is where I'm going. Don't get too far ahead of me.

Mr. Michael Prue: Okay.

The Chair (Mr. Bob Delaney): I'd like to ask the committee whether members are prepared to vote—

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Are you suggesting that we vote en bloc for all of schedule 7?

The Chair (Mr. Bob Delaney): Everybody keeps trying to get ahead of the Chair. Let's let the Chair actually ask the question. All right?

Mrs. Teresa Piruzza: Finish the sentence.

The Chair (Mr. Bob Delaney): Yes. Are members prepared to vote on sections 3 through 11, inclusively, for schedule 7? I heard a no. Okay. We're going to take them consecutively.

There are no amendments proposed to schedule 7, section 3. Shall schedule 7—

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: A 20-minute recess.

The Chair (Mr. Bob Delaney): We are in recess until—

Mr. John O'Toole: Point of order.

The Chair (Mr. Bob Delaney): Hold on, hold on. We will be in recess until 3:15 p.m. Just before the gavel goes down, Mr. O'Toole.

Mr. John O'Toole: I want to put on the record that I feel that there has been interference with the progress of this committee by taking 20-minute recesses to delay the overall transaction on the budget.

The Chair (Mr. Bob Delaney): Thank you for your comment, though it is not a point of order. We are in—

Mr. Michael Prue: No, no.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: I just want a clarification. A 20-minute recess has just been granted, which is Mr. Naqvi's right, again, but when we're coming back, are we voting for section 7, sub 3 or are we voting for section 7, sub 3 through section 7, sub 11? That's what I need to know—

The Chair (Mr. Bob Delaney): That is a point of order.

Mr. Michael Prue: —and I do need to know whether or not he is seeking the 20 minutes for that, or which one he's seeking the 20 minutes for.

The Chair (Mr. Bob Delaney): We are considering schedule 7, section 3, which has no amendments. Mr. Naqvi has asked, prior to the vote on whether schedule 7, section 3 should carry, for a 20-minute recess, which has been granted. When we resume, we'll vote on schedule 7, section 3 without delay and we will then move on to schedule 7, section 4, because when I asked whether or not we could consider sections 3 through 11 inclusively of schedule 7, Mr. Naqvi, as is his right, said no.

Mr. Fedeli.

Mr. Victor Fedeli: On a point of order, Chair: When you asked the question and there was a no, do we not have an opportunity to vote on that?

The Chair (Mr. Bob Delaney): It's the privilege of every member to decide whether or not he or she wishes to speak to an amendment or a section. In this case, Mr. Naqvi has chosen not to consider a vote on sections 3 to 11, inclusively, so he retains his right to speak on each section, though there are no amendments proposed.

Mr. Victor Fedeli: That was my question. Even though there are no amendments, we don't deal with them as a collective if someone has decided to form an objection to that.

The Chair (Mr. Bob Delaney): Yes. It's the privilege of a member to choose whether or not to speak to an amendment—

Mr. Victor Fedeli: Thank you. There is no amendment to speak to.

The Chair (Mr. Bob Delaney): —and it's possible, for example, for a member or a group of members to choose to vote on different sections in a different manner.

Mr. Victor Fedeli: I understand. Thank you, Chair.

The Chair (Mr. Bob Delaney): In this case, it's a convention that committees will frequently ask, as a time-saving measure, whether or not members would wish to block-consider a group of sections. If they choose not to, that's their right.

Mr. O'Toole.

Mr. John O'Toole: Yes, thank you. I believe if we're going to get into a systematic delay—I'm going to raise this so you're prepared to get a ruling from the Speaker. Under standing orders 121(a), (b) and (c), committees have the right to appeal the ruling of a Chair, and that has to be moved to the Speaker for a decision. We're doing it as a notice to you and also to the Liberal government. We

want to get on with the business of this committee. And it's not threatening any more than your actions on our time are threatening, but if that's what you're about, you'd better find another procedure because you're making this discussion on the budget even less functional than you wish.

But I've had my say and you're on notice—standing order 121(a), (b) and (c)—

The Chair (Mr. Bob Delaney): Thank you very much, Mr. O'Toole. The Chair has in fact not made a ruling of any kind. Mr. Naqvi has exercised his privileges as a committee member, as is his right.

It's now one minute before 3. The committee will resume at 19 minutes after 3. We are in recess.

The committee recessed from 1459 to 1519.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, welcome back. To recap, we are voting now on schedule 7, section 3 of the bill, which had no amendments. Shall schedule 7, section 3, of the bill carry? All those in favour? All those opposed? The section carries.

We'll then consider schedule 7, section 4, which also contains no amendments. Shall schedule 7, section 4, carry?

Mrs. Teresa Piruzza: Chair?

The Chair (Mr. Bob Delaney): Ms. Piruzza?

Mrs. Teresa Piruzza: Recess, please?

The Chair (Mr. Bob Delaney): A recess, having—Mr. O'Toole.

Mr. John O'Toole: Yes, I'm asking, under standing order 121(a), (b) and (c), for the committee to appeal the ruling of the Chair in this case. I would like an answer from the Speaker of the Legislature.

I believe that they're stalling the rightful discussion on the budget, because we're already under the motion that truncates any discussion as of 2 o'clock on Tuesday. We're in one section. We've had three 20-minute recesses, which is an hour, wasting the time of around 50 members of staff as well as the other persons of support staff here. I think it's unconscionable. We're dealing with an omnibus bill which has—we know there's a debate in Ottawa. We have a budget bill of 327 pages, 69 schedules and an inordinate number of amendments—215 amendments. If they're going to play these kinds of games, that's abuse of the legislative privilege, and my privilege as well.

The Chair (Mr. Bob Delaney): Thank you, Mr. O'Toole. I would draw to your attention standing order 129(a), which reads as follows: "Immediately after the Chair of a standing or select committee has put the question on any motion, there shall be, if requested by a member of the committee, a wait of up to 20 minutes before the vote is recorded." That means that the Chair does not have the discretion to make a ruling, and it is the privilege and prerogative of a member to request a 20-minute wait before a vote.

Such wait having been requested in proper fashion, we are in recess until 3:43.

The committee recessed from 1522 to 1541.

The Chair (Mr. Bob Delaney): Good afternoon again, and welcome back. Just to recap, we are at schedule 7, section 4. Mr. Naqvi requested a 20-minute recess prior to the vote. A 20-minute recess having been completed, shall schedule 7, section 4, carry? I heard a no. All those in favour? All those opposed? The section carries.

We are now considering schedule 7, section 5. There are no proposed amendments.

Mr. Yasir Naqvi: Chair, if you like, you can vote these sections in consolidation and in bulk.

The Chair (Mr. Bob Delaney): Okay. Let's recap that, then. There are no proposed amendments to schedule 7, sections 5 through 11, inclusive. Is it the will of the committee to consider schedule 7, sections 5 through 11, inclusive? Agreed.

Shall schedule 7, sections 5 through 11, inclusive, carry? Carried. Just let the clerk and me catch up to you a little bit here.

At this point, is everybody ready to vote on schedule 7, as amended? Okay. Shall schedule 7, as amended, carry? I heard a no.

Mr. Michael Prue: On a recorded vote, please.

The Chair (Mr. Bob Delaney): On a recorded vote.

Mr. Victor Fedeli: Excuse me, Chair, is this page 19?

The Chair (Mr. Bob Delaney): No, we're not on page 19.

Mr. Michael Prue: No, but this is the effect of 19.

Mr. Victor Fedeli: Can you just—

Interjection.

Mr. Victor Fedeli: Yes, I understand that. Is it page 19 or, as someone says, is it effectively page 19? What's the difference?

The Chair (Mr. Bob Delaney): Page 19 is a notice. In and of itself, it carries no weight. It is just a notice filed by the New Democrats.

Mr. Victor Fedeli: Okay. Could you repeat what we're voting on, then?

The Chair (Mr. Bob Delaney): What we are voting on is the entirety of schedule 7, as amended. There was one amendment, a PC amendment, adopted earlier.

Ayes

Berardinetti, Naqvi, Piruzza.

Nays

Fedeli, Forster, McNaughton, O'Toole, Prue.

The Chair (Mr. Bob Delaney): I declare the schedule lost.

Where we are right now: We have a number of schedules to consider before you get to number 20 in your package. We'll be considering schedule 8, for which no amendments have been proposed. Are members prepared to vote on sections 1 through 5, inclusively, of schedule 8? Agreed.

Shall sections 1 through 5, inclusive, of schedule 8 carry? Carried.

Shall schedule 8 carry? Carried.

We are now at schedule 9 of Bill 55. Note that we have not yet come to page number 20 in your package. I'll give you lots of notice before we do.

There are no proposed amendments to schedule 9. Are members prepared to vote on sections 1 through 5, inclusive, of schedule 9?

Interjection.

The Chair (Mr. Bob Delaney): A yes or no is fine.

Interjection: Yes.

The Chair (Mr. Bob Delaney): Okay. I'll try it again. Shall sections 1 through 5, inclusive, of schedule 9 carry? Carried.

Shall schedule 9 carry? Carried.

We'll now consider schedule 10. There are no proposed amendments to schedule 10. Shall we consider sections 1 and 2, inclusively?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 of schedule 10 carry? Carried.

Shall schedule 10 carry? Carried.

We'll now begin our consideration of schedule 11. There are no proposed amendments to schedule 11. Shall we consider sections 1 through 4, inclusively, together? Shall sections 1, 2, 3 and 4 of schedule 11 carry? Carried.

Mr. John O'Toole: Excuse me, Chair, may I ask a question?

The Chair (Mr. Bob Delaney): Mr. O'Toole?

Mr. John O'Toole: We abstained. How is this recorded in the minutes? How is it recorded if we don't participate? Is it a unanimous vote?

The Chair (Mr. Bob Delaney): It's recorded as carried. It's not a recorded vote. There is no record kept of who voted yes or no.

Mr. John O'Toole: All right, thank you.

The Chair (Mr. Bob Delaney): Which is the beauty of a voice vote.

Shall schedule 11 carry? Carried.

There are no amendments proposed to schedule 12. Schedule 12 contains six sections. Are members prepared to vote on sections 1 to 6, inclusively? Shall sections 1 through 6 of schedule 12 carry? Carried.

Shall schedule 12 carry? Carried.

We are at schedule 13. There are 13 sections for schedule 13. There are no amendments proposed to any section of schedule 13. Are members prepared to vote on sections 1 to 13 of schedule 13, inclusively? Agreed. Shall sections 1 through 13 carry? Carried.

Prior to voting on section 13, is there any discussion on section 13? I'm sorry, schedule 13. All right.

1550

Now we're on page 20. This is a notice filed by the New Democratic Party, and this is for the consideration of schedule 13. We have carried all the sections of schedule 13. This is now to vote on schedule 13 in whole. Shall schedule 13 carry? All those in favour? All those opposed? I declare the section lost.

The Clerk of the Committee (Ms. Valerie Quioc Lim): Schedule.

The Chair (Mr. Bob Delaney): I declare schedule 13 lost, just for clarity.

We are now considering schedule 14 of the bill. There were no amendments proposed in schedule 14. Schedule 14 contains two sections. Are members prepared to vote on sections 1 and 2, inclusively?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 of schedule 14 carry? Carried.

Shall schedule 14 carry? Carried.

We'll now begin our consideration of schedule 15. Schedule 15, section 1, government motion: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 8(1.1) of the Crown Forest Sustainability Act, 1994, as set out in section 1 of schedule 15 to the bill, be struck out and the following substituted:

"Exception

"(1.1) Despite subsection (1), if the following conditions are met, the minister may direct that a forest management plan not be prepared for a management unit until such time as is specified by the minister:

"1. The minister is satisfied that no commercial harvesting of forest resources will be carried out in the management unit while no forest management plan is in effect.

"2. Any other conditions prescribed by the regulations are satisfied."

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, Bill 55 proposes, subsection 8(1.1) to the Crown Forest Sustainability Act, 1994, to provide the requirement that a forest management plan be prepared for every management unit does not apply in circumstances prescribed by regulation.

The purpose of this motion is to change subsection 8(1.1) to specify that the minister may exercise the power under this subsection only where, (1), there would be no commercial harvesting on the management unit, and (2), any other conditions that may be prescribed by regulation are satisfied.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Shall schedule 15, section 1, as amended, carry? Carried.

There are no amendments proposed to schedule 15, section 2. Shall schedule 15, section 2, carry? Carried.

There is one amendment proposed in schedule 15, section 3. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that clause 29(2)(b) of the Crown Forest Sustainability Act, 1994, as set out in section 3 of schedule 15 to the bill, be struck out and the following substituted:

"(a) the harvesting of forest resources under the licence is for the purpose of allowing an activity to be carried out on the land after the harvesting and,

"(i) the activity requires the forest resources to be harvested and then not renewed or maintained,

"(ii) the activity is a commercial activity, an industrial activity, an infrastructure project or a prescribed type of activity,

"(iii) in order to proceed with the activity, the person responsible for the activity is required under one of the following acts to obtain an approval or to satisfy conditions or requirements imposed in respect of the activity:

"(A) the Environmental Assessment Act,

"(B) the Environmental Protection Act (part V.0.1), or

"(C) an act of Ontario or of Canada prescribed by the regulations, and

"(iv) the minister is satisfied that the person responsible for the activity has obtained the necessary approvals, and has satisfied all the applicable conditions and requirements, under the acts described in subclause (iii)."

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, let me try to summarize this for you.

Mr. Michael Prue: If I could, on a point of order.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: I believe there was one very small error made. Mrs. Piruzza said "a" instead of "b." At least that's what I have down: "b." It's "(b) the harvesting of forest resources under the licence is for the purpose of allowing an activity to be carried out on the land after the harvesting and." It was "b." It says "b," not "a." I don't know if that's of any great consequence, but I don't want somebody years from now saying that we didn't pass the right thing.

Mrs. Teresa Piruzza: My apologies. I read that incorrectly.

The Chair (Mr. Bob Delaney): For the purpose of clarification, would Ms. Piruzza please reread just that part?

Mrs. Teresa Piruzza: Sure. I move that clause 29(2)(b) of the Crown Forest Sustainability Act, 1994, as set out in section 3 of schedule 15 to the bill, be struck out and the following substituted:

"(b) the harvesting of forest resources under the licence is for the purpose of allowing an activity to be carried out on the land after the harvesting and,"

The Chair (Mr. Bob Delaney): Thank you, Mr. Prue. These are likely to be long days, so the Chair certainly appreciates all of the eagle-eyed proofreading that he can get. Thank you very much.

Sorry, Mr. Naqvi; you were explaining it.

Mr. Yasir Naqvi: I was just going to attempt to summarize this section so that there's an explanation. Bill 55 proposes to replace subsection 29(2) of the Crown Forest Sustainability Act, 1994, with a subsection that would provide an additional exception to the harvesting limit imposed under subsection 29(1) of the act. The purpose of this motion, Chair, is to change clause 29(2)(b) to specify that the additional exception applies only where the conditions noted above in subclauses (i) to (iv) of clause 29(2)(b) have been satisfied.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? Carried.

Shall schedule 15, section 3, as amended, carry? Carried.

Schedule 15, section 4: We're at number 23 in your package. Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you. I'll be more careful in the reading.

I move that clause 47(b) of the Crown Forest Sustainability Act, 1994, as set out in section 3 of schedule 15 to the bill, be struck out and the following substituted:

"(b) the harvesting of forest resources under the licence is for the purpose of allowing an activity to be carried out on the land after the harvesting and,

"(i) the activity requires the forest resources to be harvested and then not renewed or maintained,

"(ii) the activity is a commercial activity, an industrial activity, an infrastructure project or a prescribed type of activity,

"(iii) in order to proceed with the activity, the person responsible for the activity is required under one of the following acts to obtain an approval or to satisfy conditions or requirements imposed in respect of the activity:

"(A) the Environmental Assessment Act,

"(B) the Environmental Protection Act (part V.0.1); or

"(C) an act of Ontario or of Canada prescribed by the regulations, and

"(iv) the minister is satisfied that the person responsible for the activity has obtained the necessary approvals, and has satisfied all the applicable conditions and requirements, under the acts described in subclause (iii)." 1600

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, Bill 55 proposes to amend section 47 of the Crown Forest Sustainability Act, 1994, to enable the minister to direct that all or part of part IV of the act, which regulates forest operations, does not apply to forest operations conducted in accordance with a forest resource licence if the harvesting under the licence is carried out for a prescribed purpose.

The purpose of this motion to change clause 47(b) is to specify that this exception applies only where the conditions noted above in subclauses (i) to (iv) of clause 47(b) have been satisfied.

The Chair (Mr. Bob Delaney): Thank you. Is there any discussion on the amendment? Shall the amendment carry? Carried.

I draw members' attention to item number 24 in your package, which has to do with the NDP's voting recommendation regarding section 4 of schedule 15.

Shall schedule 15, section 4, as amended, carry? All those in favour? All those opposed? Carried.

We'll consider schedule 15, section 5: an amendment proposed, Mr. O'Toole. I refer you to number 25 in your package.

Mr. John O'Toole: I move that section 68.2 of the Crown Forest Sustainability Act, 1994, as set out in section 5 of schedule 15 to the bill, be amended by adding the following subsections:

"Performance agreement

"(4) If the minister delegates powers under subsection (1), the minister and the delegate shall enter into a performance agreement setting out measurable performance goals and objectives for the delegate.

"Annual performance assessment

"(5) Every year, the delegate shall prepare a performance assessment demonstrating that the performance goals and objectives set out in the performance agreement are being met.

"Failure to meet performance goals, etc.

"(6) If the minister believes that a delegate has failed to meet the performance goals and objectives set out in the performance agreement, the minister shall give the delegate written notice of his belief and require that the delegate fulfil the requirements of the performance agreement within such ... period as may be specified in the notice.

"Failure to comply

"(7) If a delegate fails to comply with a notice given under subsection (6), the minister may terminate the performance agreement and revoke the delegation made under subsection (1)."

The Chair (Mr. Bob Delaney): Mr. O'Toole, do you, or anyone else, wish to provide any amplification?

Mr. Monte McNaughton: Sure.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: On an annual basis, the person delegated under this act would be required to provide the ministry with a performance assessment to ensure that previously agreed-on measures are being attained.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi? Nothing? Okay.

Shall the amendment carry? Oh, I'm sorry. Pardon me. Ms. Forster had a question before I asked that.

Ms. Cindy Forster: I think just a clarification. I think that Mr. O'Toole forgot one word under subsection (6) in the last line. It should have been "such time period." He missed the word "time."

The Chair (Mr. Bob Delaney): Okay. The NDP is rapidly gaining a gold star for proofreading.

Mr. O'Toole, would you like to reread subsection (6) one more time?

Mr. John O'Toole: "(6) If the minister believes that a delegate has failed to meet the performance goals and objectives set out in the performance agreement, the minister shall give the delegate written notice of his belief and require that the delegate fulfil the requirements of the performance agreement within such time period as may be specified in the notice." So moved.

The Chair (Mr. Bob Delaney): Splendid. Any further discussion? Okay. I think Ms. Forster wins herself a chocolate from Mr. Prue.

Shall the amendment carry? Carried.

Shall schedule 15, section 5, as amended, carry? Carried.

We are considering schedule 15, section 6. I refer you to number 26 in your package. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that paragraph 3.0.1 of subsection 69(1) of the Crown Forest Sustainability Act, 1994, as set out in section 6 of schedule 15 to the bill, be struck out and the following substituted:

“3.0.1 regulating the requirement that a forest management plan be prepared for every management unit under subsection 8(1) and prescribing, for the purposes of paragraph 2 of subsection 8(1.1), conditions in which the requirement does not apply;”

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Bill 55 proposes to add paragraph 3.0.1 to subsection 69(1) of the Crown Forest Sustainability Act, 1994, to provide the regulation-making authority that corresponds to the proposed subsection 8(1.1) of the act. The purpose of this motion to change paragraph 3.0.1 of subsection 69(1) is to modify the wording of this paragraph to provide consistency with the changes proposed by the motion in respect of subsection 8(1.1) of the act.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? Carried.

Number 27 in your package: a government amendment, Ms. Piruzza.

Mrs. Teresa Piruzza: I move that paragraphs 7.2 and 16 of subsection 69(1) of the Crown Forest Sustainability Act, 1994, as set out in section 6 of schedule 15 to the bill, be struck out and the following substituted:

“7.2 prescribing types of activities for the purposes of subclause 29(2)(b)(ii) and prescribing acts of Ontario or of Canada for the purposes of sub-subclause 29(2)(b)(iii)(C);

“16. prescribing types of activities for the purposes of subclause 47(b)(ii) and prescribing acts of Ontario or of Canada for the purposes of sub-subclause 47(b)(iii)(C);”

The Chair (Mr. Bob Delaney): I think you should get a chocolate just for reading that right.

Mrs. Teresa Piruzza: I had to think.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Bill 55 proposes to add paragraphs 7.2 and 16 to subsection 69(1) of the Crown Forest Sustainability Act, 1994, to provide the regulation-making authority that corresponds to the proposed subsection 29(2) and section 47 of the act, respectively. The purpose of this motion to change paragraphs 7.2 and 16 of subsection 69(1) is to modify the wording of these paragraphs to provide consistency with the changes proposed by the motions in respect of subsection 29(2) and section 47 of the act.

The Chair (Mr. Bob Delaney): Any other discussion? Shall the amendment carry? Carried.

Now, just before we consider number 28 in your package, I need to ask: Shall schedule 15, section 6, as amended, carry? Carried.

We are now at number 28 in your package, which is a new section proposed. PC amendment, Mr. McNaughton.

Mr. Monte McNaughton: I move that schedule 15 to the bill be amended by adding the following section:

“6.1 The act is amended by adding the following section:

“Bill 55, Strong Action for Ontario Act (Budget Measures), 2012

“69.1(1) This section applies only if Bill 55 (Strong Action for Ontario Act [Budget Measures], 2012) receives royal assent.

“References

“(2) References in this section to schedules and provisions of Bill 55 are references to those schedules and provisions as they were numbered in the first reading version of the bill.

“Review by Environmental Commissioner

“(3) The Environmental Commissioner appointed under the Environmental Bill of Rights, 1993 shall review the amendments to this act set out in schedule 15 to Bill 55 to determine if the amendments constitute proposals that could have significant effect on the environment and should be subject to the procedures set out in the Environmental Bill of Rights, 1993.

“Special report

“(4) At the end of a review conducted under subsection (3), the Environmental Commissioner shall prepare a report on the review and present the report to the Speaker of the assembly and the Speaker shall lay the report before the assembly as soon as reasonably possible.”

The Chair (Mr. Bob Delaney): Any discussion on it? Mr. O'Toole, any explanation?

Mr. John O'Toole: Yes. It gives the Environmental Commissioner oversight to the harvesting contracts the minister has entered into.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I would move—and it's a ruling up to you—that this particular amendment, motion 28, is out of order in the context of Bill 55 and this particular schedule, schedule 15.

Schedule 15 of the budget bill amends the Crown Forest Sustainability Act, 1994, for the purpose of streamlining approval processes, reducing administrative burdens in order to assist in achieving the government's fiscal objective. All of the amendments to the act contained in the budget bill relate to the efficiencies in the forest management planning, licensing fees and delegations.

Amendment 28 introduces a new level of oversight by the Environmental Commissioner appointed under the Environmental Bill of Rights. If passed, this amendment would permit the Environmental Commissioner to review the amendments to this act to allow the Environmental Commissioner to unilaterally extend the procedures set out in the Environmental Bill of Rights to any and all amendments made to this act.

Currently, the Environmental Commissioner has no authority to initiate reviews of acts and regulations on his own. Rather, he must be asked to initiate a review by two or more Ontario residents. Amendment 28 seeks to amend the Environmental Bill of Rights, an act which has not been opened by the budget bill, to expand the

jurisdiction of the Environmental Commissioner by adding a new provision to the Crown Forest Sustainability Act, 1994.

Our assertion is this amendment, Chair, is clearly beyond the very limited scope of the changes being made pursuant to schedule 15 of the budget bill and thus should be ruled out of order by you. Thank you.

The Chair (Mr. Bob Delaney): Is there any further discussion before the Chair consults with the clerk on this request for a ruling? Mr. O'Toole.

Mr. John O'Toole: Just to be clear, what our argument here really is, is the ability of transparency, accountability and oversight. We feel that in good faith, the government should consider the arm's-length role of the Environmental Commissioner and respect that independence and accountability.

The Chair (Mr. Bob Delaney): Okay. Any further discussion? The Chair would like to have at least five and possibly 10 minutes to consider this ruling. We are in recess until at least 4:20.

The committee recessed from 1614 to 1644.

The Chair (Mr. Bob Delaney): Let's come back to order, please and thank you. With regard to Mr. McNaughton's motion, number 28 in your package, Mr. Naqvi asked whether or not the motion was in order. I thank both parties for providing the Chair with an opportunity to join with the clerk and the legal staff in a detailed discussion about procedure, the likes of which I hadn't had an opportunity to encounter before.

In the Chair's opinion, the effect of the PC motion proposed by Mr. McNaughton, if passed, would be to vicariously amend the Environmental Bill of Rights, which is an act that is not opened by Bill 55. It is not possible to do indirectly what cannot be done directly, so as Chair, I am therefore going to rule amendment number 28 out of order.

Mr. John O'Toole: For the record, if I may?

The Chair (Mr. Bob Delaney): Mr. O'Toole.

Mr. John O'Toole: Yes, thank you very much. I don't want to in any way appear to be challenging the Chair. I do want to put on the record the following reference to the Environmental Bill of Rights, 1993. Chapter 28, section 61(1) says, "Any two persons resident in Ontario who believe that an existing policy, act, regulation ... should be amended, repealed or revoked in order to protect the environment may apply to the Environmental Commissioner for a review...." So any two people can appeal, under the Environmental Bill of Rights, if they feel that the environment's threatened. I just want to put that on the record. I know you've made a decision. It could be challenged some time in the future, I guess.

The Chair (Mr. Bob Delaney): Okay, thank you.

We shall then proceed with further consideration of Bill 55. We are at, in your package, number 29. We have a PC motion. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 7 of schedule 15 to the bill be struck out and the following substituted:

"Commencement

"7(1) Subject to subsection (2), this schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.

"Same

"(2) Sections 1 to 6 come into force on a day to be named by proclamation of the Lieutenant Governor."

The Chair (Mr. Bob Delaney): Any discussion? Mr. McNaughton.

Mr. Monte McNaughton: This sets a deadline and timeline for when the act will come into effect. Currently the government has been delaying this by keeping it in council and not enacting it. This makes the act actionable once it receives royal assent.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, this motion would essentially add an extra administrative step that is unnecessary. Delaying the coming into force of sections 1 to 6 is not desirable for their proper implementation, so our recommendation to committee members is to vote against this motion.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Okay, just to keep everybody up to date on the road map, the next question would ordinarily be whether schedule 15, section 7, would carry, but the proposed amendment, which did carry, replaced section 7 of schedule 15. As such, a vote on section 7 of schedule 15 is not necessary because the amendment has carried. Is everybody with me? Okay.

Shall schedule 15, as amended, carry? All those in favour? All those opposed? Schedule 15 is lost.

Mr. Yasir Naqvi: Chair—

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: A 20-minute recess?

The Chair (Mr. Bob Delaney): At the moment, we're not voting on anything.

Mr. Yasir Naqvi: Okay. Giving notice.

Mr. John O'Toole: He wants to go get a spanking.

Mr. Yasir Naqvi: Be nice.

The Chair (Mr. Bob Delaney): Mr. O'Toole, we're doing fine. Let's keep that down.

We are beginning our consideration of schedule 16. There are no proposed amendments to schedule 16, section 1. Shall schedule 16, section 1, carry?

Mr. Yasir Naqvi: Chair, a 20-minute recess.

The Chair (Mr. Bob Delaney): A 20-minute recess having been requested, this committee stands in recess until 12 minutes after 5.

The committee recessed from 1652 to 1713.

The Chair (Mr. Bob Delaney): Good afternoon again. We're here to resume our consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts.

We've begun our consideration of schedule 16. When we recessed, the question before the committee was, shall schedule 16, section 1 carry? Carried.

There being no proposed amendments to sections 2 and 3 of schedule 16, are members prepared to vote on sections 2 and 3, inclusively, of schedule 16? Okay.

Mr. Michael Prue: It's carried.

The Chair (Mr. Bob Delaney): Wait, don't carry it just yet.

Interjection.

The Chair (Mr. Bob Delaney): Thank you. With no proposed amendments, shall schedule 16, section 2, and schedule 16, section 3 carry? Carried.

Okay, now the road map is going to get a little bit interesting. We've walked down this road before, so everybody has seen this act once before.

The PC amendment proposed on number 31 in your package is dependent on number 34 passing first. So I propose to defer consideration of item number 31 until item number 34 has been considered. Everybody okay on that? Okay.

In similar fashion—

Mr. John O'Toole: May I just—who has made that decision? I haven't read detailed enough—who has made that decision?

The Chair (Mr. Bob Delaney): This is the clerk's office examining the degree of dependency upon the different proposals.

Mr. John O'Toole: Very good. We just want to know that it's not an arbitrary decision; it's had legal footwork. Thank you, Bob. Thank you, Chair, rather.

The Chair (Mr. Bob Delaney): In any event, the Chair left the loaded dice at home.

In similar fashion, item number 32 in your package has a dependency on item number 37, an NDP motion, so I am proposing to defer consideration of item number 32 until item number 37 has been considered. Everybody on side with that?

Mr. Michael Prue: Makes sense to me.

The Chair (Mr. Bob Delaney): Okay. So we are now on item number 33, and that is a PC motion to be read by Mr. McNaughton.

Mr. Monte McNaughton: I move that subsections 4(5) and (6) of schedule 16 to the bill be struck out and the following substituted:

"Exception: regulations and certain orders

"(5) A delegation of legislation does not apply to,

"(a) regulation-making powers; or

"(b) powers to make orders that the legislation confers on the Lieutenant Governor in Council or on a minister."

The Chair (Mr. Bob Delaney): Any explanation? Mr. O'Toole.

Mr. John O'Toole: It is the ministers' duty and power to make regulations and sign their names under them. This should not change. Delegation and regulation-making power is begging for a backroom deal and ministers being kept in the dark. I guess this is, in a broadest sense, more about transparency and accountability, and openness and accountability to the public.

The Chair (Mr. Bob Delaney): Okay. Mr. Naqvi, anything?

Mr. Yasir Naqvi: Our recommendation is to vote against this motion and the related motion with it because it reduces the flexibility of the model that is outlined in schedule 16. It's something which is consistent with the structure outlined in the Safety and Consumer Statutes Administration Act. It also reduces the opportunity for administrative efficiencies by combining functions within one delegated administrative authority; for example, the multiple functions within the TSSA. So it just doesn't work with the mechanism that's outlined in schedule 16.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. McNaughton.

Mr. Monte McNaughton: I'd just like to add that it is important that this does pass and we support it, obviously. Delegating regulation-making powers is just begging for backroom deals, like my colleague, Mr. O'Toole, said. This is all about transparency.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? I declared the amendment carried.

May I have, then, unanimous consent to postpone the consideration of section 4 of schedule 16 until we've dealt with numbers 34 and 37 in your package, which will take us down through schedule 16, section 6.1? Do I have that unanimous consent? Thank you.

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There being no amendments to schedule 16, section 5, shall schedule 16, section 5 carry? Carried.

Mr. John O'Toole: Hang on. In section 5.1, we have amendment 34.

The Chair (Mr. Bob Delaney): We're not there yet. We're just about to begin that consideration.

Mr. John O'Toole: So what are we voting on? Just 4?

The Chair (Mr. Bob Delaney): Just 5, but you've proposed a 5.1.

Mr. John O'Toole: Okay, I got it.

The Chair (Mr. Bob Delaney): Don't worry; I won't let you get out of order. There is a proposed new section, 5.1, which I think answers the point Mr. O'Toole raised. This is a PC motion, to be read by Mr. O'Toole.

Mr. John O'Toole: Yes, thank you.

I move that schedule 16 to the bill be amended by adding the following section:

"Resolution of the assembly

"5.1(1) A regulation may be made under subsection 4(1) only if the assembly has adopted a resolution authorizing the regulation.

"Same

"(2) A resolution described in subsection (1) shall not authorize the delegation of the administration of provisions of more than one act or of regulations made under more than one act."

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: The assembly made the laws, and nowhere in the laws did it say that their administration can be delegated by regulation. This section, as it is now, is a back-door, illegitimate cop-out of administering the government's own laws because the government is incompetent.

The Chair (Mr. Bob Delaney): The language is not helpful. The language is just not helpful. We're considering a serious budget bill and I would request that you refrain from pejorative language. You're entitled to vote whichever way you wish, but the language in this case is not helpful to the proceedings.

Any further discussion? Mr. Prue.

Mr. Michael Prue: Yes. Notwithstanding the language, I understand Mr. McNaughton's frustration. Also, this may be his first finance committee, and it's quite tense at times in here. Really, the purpose of this—and the Conservatives can clarify it for me—appears to be that there needs to be legislative approval before moving ahead, and it is intended to provide accountability. If one of the Conservative members can assure me that that's what it's for, rather than castigating the government, I might find my way to support it.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I stand by the reasons I articulated earlier as to the lack of need for such a motion. My recommendation to the members of the committee is to vote against this.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. John O'Toole: Yes. We'll certainly, in support of my colleague Mr. McNaughton—the point we're trying to really make here is very substantive. It's about transparency and accountability. The government needs to understand that we do not need more scandals. Question periods for the last two months have all been about the Ornge scandal, a scandalous waste of health care dollars. Perhaps the “incompetent” word is too strong. I would suggest that, in a reasonable fashion, Mr. McNaughton might want to rephrase that. I'm not scolding him; I'm just saying, if that makes them understand that our open plea here is that we want more accountability and transparency—and to achieve that, we've obviously got your attention.

The Chair (Mr. Bob Delaney): Mr. McNaughton?

Mr. Monte McNaughton: I couldn't have said it any better myself, so I'll just stand by Mr. O'Toole's words.

The Chair (Mr. Bob Delaney): I think the Chair has made his opinion clear. We have a lot of people here who are trying to do something serious, and in consideration of everybody that's here, let's just talk about what's before us, and do so in as clear and dispassionate a way as we possibly can.

Any further discussion on the amendment? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Bearing in mind my comment earlier that there is a dependency on number 31 of number 34, I'm going to continue to go up to and including number 37, and then I'm going to go back and consider numbers 31 and 32, which have a dependency, respectively, on numbers 34 and 37. In other words, we're going to consider 35, 36 and 37 now, and then we're going to go back and consider 31 and 32, and then vote on schedule 16, section 4. Everybody with me? Okay.

Shall schedule 16, section 5.1, carry?

Mr. Yasir Naqvi: Can you—sorry—repeat that again, Chair?

The Chair (Mr. Bob Delaney): Hold on. Okay, let's go back and look at our road map here.

PC motion number 34 in your package proposed adding a new section, 5.1, to the bill. We have voted on the amendment, section 5.1, and now we're going to vote on the new section. This is a proposal to add a new section.

Shall schedule 16, section 5.1, carry? All those in favour? Opposed? I declare the motion carried.

Number 35 in your package: This is consideration of schedule 16, section 6, a PC motion; Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 6(2) of schedule 16 to the bill be amended by striking out “and” at the end of clause (a) and by adding the following clauses:

“(c) a requirement to surrender any document, on request, to a person appointed by,

“(i) the Speaker of the assembly, the Auditor General, the Environmental Commissioner, the Information and Privacy Commissioner, the Integrity Commissioner or the Ombudsman, or

“(ii) the minister; and

“(d) requirements for quantitative metrics to measure success and failure.”

The Chair (Mr. Bob Delaney): Any discussion?

Mr. John O'Toole: Yes. The motive here is, the Legislature and other key watchdogs must have the right to access documents if the minister won't do it, and the minister is having trouble. This is the only way of ensuring we don't get another Ornge—again, the argument being transparency and accountability, as opposed to delegated oversight that takes it out of the view of the public.

The Chair (Mr. Bob Delaney): Further comment?

Mr. Yasir Naqvi: Chair, there are several reasons why this motion should not be adopted. One, this particular motion is not drafted with a view to the actual powers of these officials who are listed in that motion who don't conduct reviews of the type contemplated; for example, the Ombudsman investigates complaints.

Another big reason is that the addition of oversight by statutory officers increases the risk of consolidation—that is, getting on the provincial books on consolidation revenues, debts and liabilities of these delegated authorities on the provincial books—which is not contemplated.

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Administrative agreements require that delegated administrative authorities adhere to strict governance and administration requirements, including meeting the spirit and intent of access to information and privacy protection-inclined service standards. The role of the Integrity Commissioner is to maintain high standards of ethical conduct in the Ontario public service. The DAAs are independent, arm's-length corporations not part of the Ontario public service. Further, DAAs are required to

have strict governance and oversight, including codes of conduct, procurement and expense policies that meet the spirit and intent of those that apply to the Ontario public service and agencies.

In this bill, section 38 will already allow the Auditor General to conduct value-for-money audits. The Speaker and the Integrity Commissioner are officials of the Legislative Assembly who do not normally become involved in regulatory matters. I recall the submission that was made by the Ombudsman at this committee on June 11, 2012, where he was clear in his testimony that he did not seek to extend his powers, only to maintain them. An ombudsman does not have oversight over existing DAAs. This provision clearly extends his authority, which he himself was not seeking.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. John O'Toole: Again, we're just going to repeat our consistent argument that our amendment, the intent, is to increase the amount of oversight, transparency and accountability. If you look at some of the sections into the delegated authority provisions, it does remove that "operations within view of the public," and in the Legislature itself.

These officers of the Legislature have the greatest respect. You mentioned the Auditor General. We would encourage their oversight, and we ask that the government consider this as a reasonable amendment.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

In your package, number 36: Ms. Munro.

Mrs. Julia Munro: I move that section 6 of schedule 16 to the bill be amended by adding the following section:

"Notice to assembly

"(4) Within 10 days after the administrative agreement is amended, the minister shall provide a copy of the amendments to the Speaker of the assembly."

The Chair (Mr. Bob Delaney): Any discussion?

Mr. Monte McNaughton: The Legislature has a right to know what's going on between the ministry and the agency that can mandate people to become members and demand payments.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Again our recommendation is to vote against this motion. The administrative agreement is between the delegating minister and the delegated administrative authority, and the minister is responsible to the Legislature for that authority. It is a public document, so it is available, and as I mentioned earlier, it increases the risk of consolidation for the government, by which I mean that there's a risk that the government will be responsible for taking all the debt and expenses of that delegated administrative authority on its books, which is a huge risk. These particular administrative authorities are not crown agencies, so they have to be treated separately and not be put on a government-consolidated revenue base.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. John O'Toole: We'll put the current procedures within the last two or three question periods—would you agree or disagree that the Minister of Health has not been accountable to the Legislature? Both the NDP, Ms. France Gélinas, as well as Frank Klees, have raised questions relentlessly. They've deferred them or deflected them to the House leader, who's not, in an ongoing operational way, involved in that. In fact, it's in that vein that we're suggesting that this amendment is very much in order. We want the minister to be accountable to the Legislature.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? Opposed? The amendment carries.

Shall schedule 16, section 6, as amended, carry? All those in favour? All those opposed? It carries.

This is the second of our dependencies, so we'll consider number 37 and then we're going to revert back to consideration of numbers 31 and 32. I'm also mindful of the time in this case.

We're considering a new section, schedule 16, section 6.1, NDP amendment. Mr. Prue?

Mr. Michael Prue: Yes. Now, here's the real test: Can I read three pages without making a single grammatical or other error?

The Chair (Mr. Bob Delaney): Given the bar that you've set, I have a funny feeling that this text will be closely watched.

Mr. Michael Prue: I move that schedule 16 to the bill be amended by adding the following section:

"Review of proposed regulations

"6.1(1) A proposed regulation under subsection 4(1) must be submitted to the Office of the Auditor General for review.

"Condition precedent

"(2) The regulation may be made under subsection 4(1) only if,

"(a) the Auditor General has approved it under subsection (6) or is deemed to have approved it under subsection (12); or

"(b) the assembly has approved it under subsection (14).

"Review by Auditor General

"(3) The Auditor General shall review the proposed regulation to determine whether, in his or her opinion, it is likely to have a significant impact, having regard to,

"(a) fiscal, economic and environmental factors;

"(b) provisions of this act and of the proposed regulation that would prevail over the delegated legislation under clause 12(1)(a); and

"(c) such other matters as may be prescribed by regulation.

"Role of others

"(4) When conducting a review, the Auditor General may request the participation and advice of such other persons appointed on the address of the assembly as the Auditor General considers appropriate in the circumstances.

"Additional information

“(5) The responsible minister or other official who submits the proposed regulation for review shall promptly give the Auditor General such additional information and documents as the Auditor General or a person referred to in subsection (4) may request.

“Results of review by Auditor General

“(6) The Auditor General shall approve the proposed regulation unless, in his or her opinion, it is likely to have a significant impact as determined during the review. In that case, the Auditor General shall decline to approve the proposed regulation.

“Same

“(7) The decision of the Auditor General is final.

“Notice of results

“(8) Within 90 days after receiving the proposed regulation for review, or within such longer period as may be authorized under subsection (10), the Office of the Auditor General shall notify the following persons of the results of the review:

“1. The responsible minister or other official who submitted the proposed regulation for review.

“2. The minister responsible for the administration of this act.

“3. The Clerk of the assembly.

“Same

“(9) The notice must include the reasons for the Auditor General’s decision and may include such other information as the Auditor General considers appropriate.

“Extension of deadline

“The Auditor General may extend the period within which the notice must be given for further periods of 90 days if, in his or her opinion, the extension is necessary because of the complexity of the proposed regulation or because of other circumstances.

“Same

“(11) If the notice period is extended, the Office of the Auditor General shall promptly notify the persons listed in subsection (8).

“Deemed approval by Auditor General

“(12) If the notice is not given before the notice period expires, the Auditor General is deemed to have approved the proposed regulation.

“Review by standing committee

“(13) If the Auditor General declines to approve the proposed regulation, it stands referred to the Standing Committee on Public Accounts for consideration.

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“Approval of the assembly

“(14) The assembly may indicate its approval of a proposed regulation by means of a resolution.

“Notice of assembly decision

“(15) If the assembly approves the proposed regulation, the Clerk of the assembly shall notify the responsible minister.

“Public registry of proposals, notices

“(16) The Auditor General shall maintain a public registry of the following information and documents, each of which must be promptly posted on the registry:

“1. Proposed regulations submitted for review under this section.

“2. Any notice under subsection (10) extending the deadline for the review.

“3. The notice, if any, from the Auditor General following the review.

“4. Such other information as the Auditor General considers appropriate.

“Annual report

“(17) Each year, the Auditor General shall report to the Speaker about such matters as the Auditor General considers appropriate relating to his or her powers and duties under this act.

“Special report

“The Auditor General may make a special report to the Speaker at any time on any matter that in the opinion of the Auditor General should not be deferred until the annual report.

“Tabling of reports

“The Speaker shall lay each annual report or special report before the assembly at the earliest reasonable opportunity.”

Ms. Cindy Forster: Five errors.

Mr. Michael Prue: There you go, five errors.

Mr. Yasir Naqvi: It sounded perfect to my ears.

The Chair (Mr. Bob Delaney): All noted and corrected by the narrator. I think it at least entitles you to a piece of chocolate.

Mr. Michael Prue: Some Diet Coke; I’m thirsty.

The Chair (Mr. Bob Delaney): After you’ve had a sip of Diet Coke, is there any explanation—

Mr. Michael Prue: I can give the explanation, or do you want it corrected first? I heard there were five errors.

The Chair (Mr. Bob Delaney): Are there any errors that any committee member has noted that need re-reading or correction?

Ms. Cindy Forster: The numbers. The numbers, you didn’t do.

Mr. Michael Prue: I have been told that I have omitted some of the numbers, as we read them out. If I could, then, under the title “Extension of deadline,” it should have read “(10)” and then follows “The Auditor General...” etc.

Ms. Cindy Forster: “Special report.”

Mr. Michael Prue: I have been advised that I have omitted, under the title “Special report” the number “(18)” which follows—“(18) The Auditor General...” etc.

Under “Tabling of reports” I have omitted the word “(19)” which follows after that, “(19) The Speaker shall lay...” etc.

The Chair (Mr. Bob Delaney): There goes your chocolate.

Mr. Michael Prue: And I am seeing a nod from the legislative counsel that I have indeed made those errors.

The Chair (Mr. Bob Delaney): Is there anything further to add?

Mr. Michael Prue: Oh, yes. I would just like to explain the purport of why this motion has been put forward. We believe that this is a legislative account-

ability regime around schedule 16. It works as follows: A regulation creating a new delegated authority must be sent to the Auditor General, who does an assessment on economic, fiscal and environmental grounds. The Auditor General can also bring in another legislative officer, if he or she chooses to do so.

If the Auditor General determines that the regulation will have any significant impact, it does not become law and he sends it to the public accounts committee. If the public accounts committee approves it, then it gets sent to the full Legislature, which must approve a motion creating the DAA, as approved by the public accounts committee. That's the rationale behind this.

The Chair (Mr. Bob Delaney): Okay, any further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I would again recommend voting against this particular motion. Section 35 of schedule 16 already gives the Auditor General the power that he may conduct an audit of a delegated administrative authority and has full access to the records and information. The Auditor General, Chair, as you know, is an independent officer of the Legislature, and it would not be appropriate to provide the Auditor General policy-making responsibility.

The Chair (Mr. Bob Delaney): Okay. Mr. Prue.

Mr. Michael Prue: If I could, I think Mr. Naqvi may not have it right. This is before the fact it's sent to the Auditor General, not after the fact. It is sent there to make sure that it is correct before it is actually enacted. What this is going to do is to make sure that when it is enacted, it doesn't have a deleterious effect on the environment or the fiscal situation. We believe that this is going to help provide greater accountability for the minister, for the Legislature, and that's why we are suggesting it. It certainly will give a great deal more clarity to what is being done.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Let's recap. We had two earlier amendments numbered 31 and 32 in your package. Number 31 was dependent on the passage of number 34; number 32 was dependent on the passage of number 37. We'll resume consideration of 31 and 32 and then vote on the status of schedule 16, section 4.

Number 31, PC motion: Ms. Munro.

Mrs. Julia Munro: I move that subsection 4(1) of schedule 16 to the bill be amended by striking out "the requirements of section 5 and subsection 6(1)" and substituting "the requirements of section 5, section 5.1 and subsection 6(1)".

The Chair (Mr. Bob Delaney): Thank you. Any explanation? Mr. McNaughton.

Mr. Monte McNaughton: It is the minister's duty and power to make regulations and sign their name under them. This should not change. Delegating regulation-making powers is begging for backroom deals and ministers being kept in the dark.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I explained the reason earlier as to why the members should be voting against this motion a few motions ago when we were talking about it.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

The Chair will declare just a two- or three-minute recess before the consideration of NDP amendment number 32 in your package, owing to its relationship with some of the amendments just passed.

The committee recessed from 1748 to 1753.

The Chair (Mr. Bob Delaney): Thank you all. The reason for the Chair requesting a recess was to confirm with legislative counsel whether or not the NDP amendment about to be proposed would, if adopted, pose some difficulty in resolving the clauses which it refers to. Leg. counsel advises that, whether adopted or not, they can work with it. As such, number 32 in your package is in order—not that you ever asked that it was out, but it was the Chair's responsibility to ensure that it was, in fact, in.

Let's go. Number 32: Mr. Prue.

Mr. Michael Prue: I move that subsection 4(1) of schedule 16 to the bill be amended by striking out "section 5 and subsection 6(1)" and substituting "section 5, subsection 6(1) and section 6.1".

The Chair (Mr. Bob Delaney): Any explanation?

Mr. Michael Prue: Well, it's only because number 37 was passed as 6.1, and that's why this in fact was put off until after, to see whether—and all this is technical to say that this is now included in the bill.

The Chair (Mr. Bob Delaney): Okay. Any further discussion?

Mr. Yasir Naqvi: Chair, as I stated earlier, section 35 of schedule 16 already gives the Auditor General the authority, if he chooses, to conduct an audit of a delegated administrative authority. He has full access to records and information. The Auditor General, as I mentioned earlier, is an independent officer of the Legislature, and it would not be appropriate to provide the AG a policy-making responsibility. Thus, I recommend to the members to vote against this motion.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: Well, with the greatest of respect, that debate has already taken place and the vote has already happened. All this is is a housekeeping matter to include 6.1 so that the bill, once amended, will be technically correct. I'm asking the members to vote. This is a technical matter. The other matter is over.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? Opposed? I declare the amendment carried.

Now, we're going back to pick up where we left off. At this point, having considered all of the proposed amendments and their dependencies for schedule 16, section 4: Shall schedule 16, section 4, as amended, carry? All those in favour?

Mr. Michael Prue: You'd better vote.

Mr. John O'Toole: Yes.

The Chair (Mr. Bob Delaney): Let me try that again. Shall schedule 16, section 4, as amended, carry? All those in favour? All those opposed? I declare the schedule carried.

Interjection.

The Chair (Mr. Bob Delaney): Schedule 16, section 4, I declare carried, as amended.

All right. We're doing fine. We're getting close to the line, but we might be able to do one more.

We're considering schedule 16, section 7. PC amendment.

Mr. Yasir Naqvi: Did you do section 5?

The Chair (Mr. Bob Delaney): Yes, we did. Yes, we did 5. There were no amendments to section 5 and it carried.

Mr. O'Toole.

Mr. John O'Toole: I move that subsection 7(1) of schedule 16 to the bill be struck out and the following substituted:

"Policy directions

"(1) Policy directions relating to the administration of the delegated administrative authority's delegated legislation may be issued to the delegated administrative authority by a resolution of the assembly or by the responsible minister.

"Notice, assembly

"(1.1) In the case of policy directions issued by the assembly, the Speaker shall take the following steps:

"1. On becoming aware of the resolution has been proposed for debate, promptly notify the administrative authority of the details.

"2. As soon as the resolution is adopted, provide the administrative authority with a copy of the resolution.

"Notice, responsible minister

"(1.2) In the case of policy directions issued by the minister, the minister shall take the following steps:

"1. Before issuing the policy directions, give the administrative authority the notice that he or she considers reasonable in the circumstance.

"2. As soon as the policy directions are issued, provide copies of them to,

"(i) the administrative authority, and

"(ii) the Speaker of the assembly.

"Conflict

"(1.3) In the event of conflict between policy directions issued by the assembly and policy directions issued by the minister, the ones issued by the assembly prevail."

The Chair (Mr. Bob Delaney): Okay.

Mr. Michael Prue: I noticed two small technical errors. Under "Notice, assembly," number 1, what was stated was "On becoming aware of the resolution..." In fact, the written one says, "On becoming aware that the resolution..."

The second technical error I noticed was under the title, "Notice, responsible," number 1, the last word was stated as "circumstance," and it is written "circumstances."

The Chair (Mr. Bob Delaney): Mr. O'Toole, do you accept the corrections as proposed by Mr. Prue?

Mr. John O'Toole: Yes, I accept those corrections.

The Chair (Mr. Bob Delaney): Thank you very much. You will all be pigging out on chocolate before this is over.

Mr. John O'Toole: Michael gets two stars.

The Chair (Mr. Bob Delaney): Nonetheless, the competition is a healthy one.

Is there any discussion of this? Mr. O'Toole?

Mr. John O'Toole: Well, the motive here is, the authorities will be an arm of the government because they apply acts made by the Legislature, ergo the Legislature must have the right to clarify how its own laws are to be administered.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Again, this increases the risk of consolidation on government books vis-à-vis the debts of such delegated administrative authorities. These authorities are independent, arm's-length, not-for-profit corporations. Even agencies that are agents of and closer to the crown are not subject to policy direction from the assembly.

In the normal course, a minister would communicate with the delegated administrative authority before issuing a policy direction, but there may be circumstances where a policy direction must be immediate and should not be fettered. For that reason, our recommendation to the committee members is to vote against this motion.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. John O'Toole: Again, it increases the accountability. This is a provision that would require the delegated authorities to be advised either by the House, the assembly itself or the minister. Again, it says in the conclusion that the issue of the assembly would prevail, so I think it clarifies and makes sure that there's more transparency and accountability, really.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? Carried.

It is after 6 o'clock and our authority to proceed in our consideration of Bill 55 by the House is over. This committee stands adjourned until 9 o'clock on Monday morning right here in room 151.

I want to thank everyone for their time and patience today. This is a complex bill to figure out, and I just want to acknowledge everyone's efforts in so doing.

We're adjourned.

The committee adjourned at 1801.

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Standing Committee on Finance and Economic Affairs

Strong Action for Ontario Act
(Budget Measures), 2012

Comité permanent des finances et des affaires économiques

Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 18 June 2012

Lundi 18 juin 2012

The committee met at 0908 in room 151.

COMMITTEE BUSINESS

The Chair (Mr. Bob Delaney): Good morning, everybody. I hope everyone had a good weekend and is fresh and ready to go. The Standing Committee on Finance and Economic Affairs will please come to order.

I have a few housekeeping notes before we get under way. First, we need to take care of a matter relating to the committee's review of the auto insurance industry. As you know, the order of the House dated May 31, 2012, has assigned this committee to conduct that review.

The order also authorized us to meet on up to four days in June or July in any locations in Ontario established by the committee. I would like to seek agreement from the committee to delegate authority to the subcommittee to establish those dates and locations. Do we have that agreement? Agreed.

A few other housekeeping notes: The standing orders do provide that each party may have a staff member seated with the caucus members in a manner such as you'll see behind the three PC seats, so if the different parties would like to have a staff member seated behind them, that is provided for in the standing orders and, given the gravity of what we've been discussing the last few days, feel free to do that. Let's just get it right.

I'd also like to note for all of those who have come to pay a little bit greater attention to us than we were paid on Thursday, you're welcome to take pictures and videos, but I would like you to be behind the tables, please and thank you.

Now we're to resume clause-by-clause consideration. Mr. Shurman.

Mr. Peter Shurman: Can I request one additional housekeeping item?

The Chair (Mr. Bob Delaney): Yes.

Mr. Peter Shurman: May we have an additional senior staff person for each party make use of the chairs ordinarily used for deputants, if they so wish?

The Chair (Mr. Bob Delaney): With the proviso that should we need to ask ministry staff to come up and to explain something that they may temporarily displace the staff person?

Mr. Peter Shurman: Not a problem.

The Chair (Mr. Bob Delaney): Be my guest. Or, if you wish, the Chair so assents.

Before we get under way, is there anything else that anybody wants to add? Okay.

STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / Projet de loi 55, Loi visant à mettre en œuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Bob Delaney): So we'll resume clause-by-clause consideration of Bill 55, An Act to implement Budget measures and to enact and amend various Acts. You will also find hard copies of amendment number 120A in front of you, which was emailed out last Friday. Please add that, in order, to your package. As was the case with the other amendments last week, it was in fact filed in time and owing to an administrative error was omitted from your package. So please put in amendment 120A, in order, in your package.

When we concluded last week, we were considering schedule 16, section 7. We now have PC amendment number 39 in front of us. Mr. Shurman.

Mr. Peter Shurman: I move that subsection 7(3) of schedule 16 to the bill be struck out and the following substituted:

"Compliance

"(3) The administrative authority shall comply with the policy directions as soon as possible and, in any case, shall implement measures to do so within 30 days after the policy directions are issued."

The Chair (Mr. Bob Delaney): Any comment? Mr. McNaughton.

Mr. Monte McNaughton: This amendment will create no obligation to implement a policy that needs time to be implemented—for example, it needs two years to transition—but the authority will have to commit itself to implementing the directive; for example, enacting a bylaw with certain sections coming into force in two years.

The Chair (Mr. Bob Delaney): Okay. Any other comments? Shall the amendment carry? Mr. Naqvi.

Mr. Yasir Naqvi: I ask for a five-minute recess.

The Chair (Mr. Bob Delaney): A five-minute recess having been requested, we are in recess until 18 minutes after 9.

The committee recessed from 0913 to 0916.

The Chair (Mr. Bob Delaney): We'll come back to order. We are now voting on number 39 in your package, a PC amendment. All in favour of the amendment? All opposed? It carries.

Shall schedule 16, section 7, as amended, carry? All those in favour? All those opposed? It carries.

Mr. Yasir Naqvi: Chair, which section are we at now?

The Chair (Mr. Bob Delaney): We are at section 8 of schedule 16.

Mr. Yasir Naqvi: Just give me one minute to find it. We're going to section 8, which is entitled "Consultation"?

The Clerk of the Committee (Ms. Valerie Quioc Lim): Yes.

Mr. Yasir Naqvi: Yes? Thank you.

The Chair (Mr. Bob Delaney): There are no proposed amendments to sections 8 and 9 of schedule 16. Shall section 8 and section 9 of schedule 16—

Mr. Peter Shurman: I need a two-minute recess.

The Chair (Mr. Bob Delaney): A two-minute recess having been requested, we're in recess.

The committee recessed from 0918 to 0919.

The Chair (Mr. Bob Delaney): We'll please come back to order. Shall section 8 and section 9 of schedule 16 carry? Carried.

There is one proposed amendment to section 10 of schedule 16, a PC amendment. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 10 of schedule 16 to the bill be amended by adding the following subsection:

"Who may require review

"(3) The Minister's power to require reviews and specify persons or entities under clause (1)(a) or (b) may also be exercised by any of the following persons, and in that case subsections (1) and (2) shall be read with all necessary modifications:

"1. The Speaker of the Assembly.

"2. The Auditor General.

"3. The Environmental Commissioner.

"4. The Information and Privacy Commissioner.

"5. The Integrity Commissioner.

"6. The Ombudsman."

The Chair (Mr. Bob Delaney): Any details? Mr. Shurman.

Mr. Peter Shurman: Unnecessary.

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

Shall schedule 16, section 10, as amended, carry? Carried.

There are no proposed amendments to sections 11 and 12 of schedule 16. Shall sections 11 and 12 of schedule 16 carry? Carried.

There's an amendment proposed to section 13 of schedule 16, number 41 in your package. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 13 of schedule 16 to the bill be struck out and the following substituted:

"Notice of revocation

"13.(1) Before revoking a delegation, the Lieutenant Governor in Council shall give at least 30 days notice of the intent to revoke to,

"(a) the Speaker of the assembly; and

"(b) the delegated administrative authority.

"Exception

"(2) If the Lieutenant Governor in Council considers a revocation urgently necessary in the public interest, the Lieutenant Governor in Council may shorten the 30-day notice period or dispense without notice.

"Same

"(3) If the Lieutenant Governor in Council acts under subsection (2), the Lieutenant Governor in Council shall provide an explanation of the reasons for doing so to,

"(a) the Speaker of the assembly; and

"(b) the delegated administrative authority.

"Definition

"(4) In this section and in section 14, 'revoke', when used in connection with a delegation, means to amend a regulation made under subsection 4(1) so as to withdraw the delegation of delegated legislation, remove a corporation's status as a delegated administrative authority, or both."

The Chair (Mr. Bob Delaney): And for clarification, as the text that you read is a little different, would you please reread the section "exception" and it's (2).

Mr. Victor Fedeli: "Exception

"(2) If the Lieutenant Governor in Council considers a revocation urgently necessary in the public interest, the Lieutenant Governor in Council may shorten the 30-day notice period or dispense with notice.

The Chair (Mr. Bob Delaney): Thank you.

Any discussion? Shall the amendment carry? I declare the amendment carried.

On 41(a) in your package, there is a notice from the PC Party. Is there any comment on that?

Mr. Peter Shurman: I wish to withdraw 41(a).

The Chair (Mr. Bob Delaney): Please note that item number 41(a) in your package is withdrawn.

Shall schedule 16, section 13, as amended, carry? Carried.

Schedule 16, section 14, a PC notice, number 42: Mr. Shurman.

Mr. Peter Shurman: The Progressive Conservative Party recommends voting against section 14 of schedule 16 to the bill.

The reason for a notice rather than a motion: If the committee wishes to remove an entire section from the bill, the rules of parliamentary procedure require that the committee vote against the section, rather than pass a motion to delete it.

The Chair (Mr. Bob Delaney): Shall schedule 16, section 14, there being no proposed amendments, carry? All those in favour? All those opposed?

Mr. Peter Shurman: Opposed.

The Chair (Mr. Bob Delaney): Let's try this again. I'm going to need a show of hands on this one. Shall schedule 16, section 14, carry? All those in favour? All those opposed? I declare the section lost.

There are no amendments to section 15 of schedule 16. There is a notice from the PC Party. Mr. Shurman or Mr. McNaughton?

Mr. Monte McNaughton: We'd like to withdraw.

The Chair (Mr. Bob Delaney): Withdrawn. Shall schedule 16, section 15, carry? Carried.

There are no amendments proposed to schedule 16, section 16. Shall schedule 16, section 16, carry? Carried.

We're considering section 17 of schedule 16, item number 44 in your package. We have a proposed PC amendment. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 17 of schedule 16 to the bill be amended by adding the following subsection:

"Notice to Assembly

"(1.1) Within 10 days after the minister gives the document containing the requirement to the administrative authority, he or she shall also provide a copy of the document to the Speaker of the assembly."

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 17, as amended, carry? Carried.

We're now considering section 18 of schedule 16, a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 18 of schedule 16 to the bill be amended by striking out "responsible" in subsections (2), (3) and (4) and by adding the following definition to subsection (5):

"'deputy minister' means the deputy minister of the responsible minister's ministry ('sous-ministre')."

The Chair (Mr. Bob Delaney): Any discussion?

Mr. Yasir Naqvi: This is just a technical clarification requested by legislative counsel. Essentially, what it clarifies is that the deputy minister referred to in section 18 is the deputy minister of the delegating ministry.

The Chair (Mr. Bob Delaney): Mr. Prue.

0930

Mr. Michael Prue: Yes, it may be technical, but there is a thing around here called ministerial responsibility, and we do not favour giving the deputy minister the authority that is normally exercised by the minister. We think that this is a step backwards. Our deputy ministers are public employees. They are bound to do what is considered the right thing to do, but it is the minister's responsibility to steer this through and the minister is ultimately responsible. We cannot vote for this because it takes away a little bit of ministerial responsibility, which is the hallmark of our entire system, so we will be voting no to this amendment.

The Chair (Mr. Bob Delaney): Further discussion?

Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Number 46 in your package, PC amendment. Mr. Fedeli? Oh, sorry. Mr. McNaughton.

Mr. Peter Shurman: Mr. Shurman.

The Chair (Mr. Bob Delaney): Mr. Shurman, by the process of elimination.

Mr. Peter Shurman: It's not a problem.

I move that section 18 of schedule 16 to the bill be amended by adding the following subsection:

"Minister's approval and notice required

"(2.1) Despite subsection (2), if the delegated legislation requires persons to make payments to the responsible minister or deputy minister, the administrative authority is entitled to receive those payments only if the following conditions are satisfied:

"(1) The minister has, in writing, authorized the administrative authority to receive the payments.

"(2) The minister's authorization has been tabled with the Clerk of the Assembly."

The Chair (Mr. Bob Delaney): Comments? Discussion?

Shall the amendment carry? The amendment carries.

We're on number 47 in your package, a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 18 of schedule 16 to the bill be amended by adding the following subsections:

"Minister's approval required

"(3.1) An appointment made by the administrative authority under subsection (3) does not become effective until the minister approves it in writing.

"Notice

"(3.2) Within 10 days after approving the appointment, the minister shall notify the Speaker of the assembly of the approval."

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? The amendment carries.

Shall schedule 16, section 18, as amended, carry? Let's try that one again. We're considering schedule 16, section 18, as amended. All those in favour? All those opposed? It carries.

Mr. Michael Prue: One to nothing.

The Chair (Mr. Bob Delaney): Soccer scores in committee.

Mr. Michael Prue: Thank God I voted.

The Chair (Mr. Bob Delaney): That would have led to an interesting question to the clerk's staff.

We are now considering a proposed new section, schedule 16, section 18.1. There is an NDP motion before the committee, number 48 in your package. This amendment attempts to indirectly amend the Ombudsman Act, which is not open in the bill, and I therefore rule it out of order.

Mr. Michael Prue: Mr. Chair, I beg to differ. If I could just speak to that very briefly: I recognize the authority of the Chair to rule it out of order, but I disagree because this particular bill is amending a lot of bills that aren't normally found in the budget. We have things on

the Endangered Species Act, we have arbitration rules, we have any number of statutes which are not normally contained within a budget, which have found their way into this one. This is an attempt to ensure that the Ombudsman has authority over this particular section, which is section 16, or has some authority within section 16. We think that since the bill has been opened up that far, it is not out of order any more so than any of the government motions to include arbitration, the Endangered Species Act, the Environmental Protection Act etc.

The Chair (Mr. Bob Delaney): There is no debate on a ruling by the Chair, but if you wish, you can appeal the Chair's ruling to the Speaker. Do you wish to do so?

Mr. Michael Prue: No, I've made my statement. I will decline that opportunity.

The Chair (Mr. Bob Delaney): Thank you.

In your package, number 49, a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: To Ms. Wong. Ms. Wong, Chair.

The Chair (Mr. Bob Delaney): To Ms. Wong.

Ms. Soo Wong: I move that schedule 16 to the bill be amended by adding the following section:

"Right to use French

"18.1(1) A person has the right to communicate in French with, and to receive available services in French from, a delegated administrative authority.

"Board to ensure

"(2) The board of directors of the administrative authority shall take all reasonable measures and make all reasonable plans to ensure that persons may exercise the right to use French given by this section.

"Limitation

"(3) The right to use French given by this section is subject to the limits that are reasonable in the circumstances.

"Existing delegations

"(4) This section does not apply to a corporation that is deemed to be a delegated administrative authority under subsection 11(1) until the day specified in a regulation made under clause 40(1)(c.1).

"Definition

"(5) In this section,

"'service' means any service or procedure that is provided to the public by a designated administrative authority in the administration of its delegated legislation and includes,

"(a) responding to inquiries from members of the public, and

"(b) any other communications for the purpose of providing the service or procedure."

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: This is an important amendment which extends the right to use French in dealings with delegated administrative authorities. It requires DAs to take all reasonable measures and make all reasonable plans to ensure that that right may be exercised, and it

applies to all new DAs and will also apply to existing DAs subject to the Lieutenant Governor in Council's timing regulation.

I strongly suggest that all members vote in support of this amendment. Thank you.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? Carried.

Mr. Peter Shurman: Where are we at?

The Chair (Mr. Bob Delaney): We are at section 19 of schedule 16.

There are no amendments proposed to sections 19 and 20 of schedule 16. Shall we consider the two together?

Mr. Yasir Naqvi: Please.

The Chair (Mr. Bob Delaney): Okay. Shall sections 19 and 20 of schedule 16 carry? Carried.

Section 21 of schedule 16—in your package, PC amendment number 50. Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 21(1) of schedule 16 to the bill be amended by striking out "The responsible minister may, by order" in the portion before the clauses and substituting "An order issued by a resolution of the assembly or by the responsible minister may".

0940

The Chair (Mr. Bob Delaney): May I request that you read that over again from "I move"?

Mr. Monte McNaughton: Sure. I move that subsection 21(1) of schedule 16 to the bill be amended by striking out "The responsible minister may, by order" in the portion before the clauses and substituting, "An order issued by a resolution of the assembly or by the responsible minister may".

The Chair (Mr. Bob Delaney): Thank you. Any discussion? Shall the amendment carry? It carries.

In your package, number 51, PC motion: Mr. Fedeli.

Mr. Victor Fedeli: I move that subsection 21(3) of schedule 16 to the bill be struck out and the following substituted:

"Conflict

"(3) In the event of conflict between an order under subsection (1) and a bylaw or resolution of the administrative authority, the order prevails.

"Same

"(4) In the event of conflict between an order under subsection (1) issued by the assembly and one issued by the minister, the order of the assembly prevails."

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 21, as amended, carry? All those in favour? All those opposed? Carried.

There are no proposed amendments to section 22 of schedule 16. Shall schedule 16, section 22, carry? Carried. See, those are the easy ones.

Section 23, schedule 16, number 52 in your package, government motion: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 23 of schedule 16 to the bill be amended striking out "The minister may" and substituting "The responsible minister may."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, an explanation: Another technical change. The proposed motion would clarify that the minister who can alter the size of a delegated administrative authority's board of directors is the minister responsible for the delegated legislation.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 23, as amended, carry? Carried.

We're considering schedule 16, section 24, a PC amendment: Mr. Shurman.

Mr. Peter Shurman: I move that section 24 of schedule 16 to the bill be struck out and the following substituted:

"Appointment of chair by Lieutenant Governor in Council

"24(1) The Lieutenant Governor in Council shall appoint a person to be the chair of the board of directors of a delegated administrative authority.

"Same

"(2) If the person is not a member of the board before being appointed chair,

"(a) he or she becomes a member by virtue of the appointment;

"(b) the rules established under clause 21(1)(b) do not apply to the person; and

"(c) for the purposes of subsection 22(2), the person shall be counted as an appointee of the minister.

"No delegation

"(3) The appointment power set out in subsection (1) shall not be delegated."

The Chair (Mr. Bob Delaney): Discussion?

Mr. Peter Shurman: No discussion.

The Chair (Mr. Bob Delaney): Shall the amendment carry? The amendment carries.

Shall schedule 16, section 24, as amended, carry? Carried.

We are now looking at schedule 16, section 25, PC amendment. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 25 of schedule 16 to the bill be struck out and the following substituted:

"Public access to corporate bylaws

"25. The delegated administrative authority shall make its corporate bylaws available for public inspection within 30 days after they are made by the board."

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 25, as amended, carry? Carried.

We're considering schedule 16, section 26; in your package, PC motion number 55. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 26 of schedule 16 to the bill be amended by adding the following subsections:

"Five-year waiting period

"(3) The administrative authority is not entitled to impose the membership requirement described in subsection (1) until the later of the following dates:

"1. The fifth anniversary of the day the regulation prescribing it as a delegated administrative authority comes into force.

"2. The fifth anniversary of the day section 4 comes into force.

"No double charges

"(4) If a fee is charged for the licence, permit, certificate or other authorization described in subsection (2), no fee or other charge may be imposed in connection with the membership requirement described in subsection (1).

"Requirement imposed under predecessor act

"(5) A membership requirement that was imposed under the Safety and Consumer Statutes Administrative Act, 1996 ceases to have effect on the day section 4 comes into force."

The Chair (Mr. Bob Delaney): Mr. Fedeli, would you please read the paragraph, (5), the last one, one more time.

Mr. Victor Fedeli: "(5) A membership requirement that was imposed under the Safety and Consumer Statutes Administration Act, 1996 ceases to have effect on the day section 4 comes into force."

The Chair (Mr. Bob Delaney): Thank you.

Any discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 26, as amended, carry? All right, let's do this with a little emphasis: All those in favour? All those opposed? It carries.

There are no amendments proposed for schedule 16, sections 27 through 32, inclusive. May we consider the lot of them together?

Mr. Yasir Naqvi: Yes.

Mr. Peter Shurman: Agreed.

The Chair (Mr. Bob Delaney): Shall schedule 16, sections 27 through 32, inclusive, carry? Carried.

We're considering schedule 16, section 33; in your package, number 56. Mr. Shurman.

Mr. Peter Shurman: I move that section 33 of schedule 16 to the bill be amended by adding the following subsections:

"Five-year waiting period

"(5) Despite anything else in this section, the fees, costs and other charges established under clause (1)(b) do not become effective until the later of the following dates:

"1. The fifth anniversary of the day the regulation prescribing the administrative authority as a delegated administrative authority comes into force.

"2. The fifth anniversary of the day section 4 comes into force.

"Fees, etc., imposed under predecessor act

"(6) Fees, costs and other charges that were imposed under the Safety and Consumer Statutes Administration Act, 1996 cease to have effect on the day section 4 comes into force."

0950

The Chair (Mr. Bob Delaney): Thank you. Any discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 33, as amended, carry? Carried.

There are no proposed amendments to schedule 16, sections 34 and 35. Shall we consider the two together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 16, sections 34 and 35, carry? Carried. Thank you.

Schedule 16, section 36: in your package, number 57, a PC amendment. Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 36(2) of schedule 16 to the bill be struck out and the following substituted:

“Form and contents

“(2) The report shall be in a form acceptable to the minister and shall include the following information with respect to the year to which the report relates:

“1. For every person who was employed by the administrative authority and whose remuneration in all forms (including without limitation salary, service fees, allowances, bonuses, expenses, pensions and benefits) exceeded \$100,000, details of his or her name, title and remuneration.

“2. For every person who was retained as a consultant, advisor or other external source of services by the administrative authority and whose earnings in all forms from the administrative authority (including without limitation service fees, allowances, bonuses and expenses) exceeded \$10,000, details of his or her name and earnings.

“3. Details of the administrative authority’s operating expenses.

“4. Details about the administrative authority’s compliance with the Freedom of Information and Protection of Privacy Act.

“5. Details about the number and character of complaints that were received and the number and character of complaints that were resolved.

“6. The results of an annual survey of the administrative authority’s clients and members, including direct questions about satisfaction with the administrative authority and the desire to see its existence continued.

“7. Any other information that the minister requires.”

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

In your package, number 58, a government amendment: Ms. Wong.

Ms. Soo Wong: I move that the English version of clause 36(4)(a) of schedule 16 to the bill be amended by striking out “a copy of the report” and substituting “the report”.

The Chair (Mr. Bob Delaney): Any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: A technical change, again, on the advice of legislative counsel, which basically will allow the delegated administrative authority to give out its annual report rather than a copy of that report before it is tabled with the Legislative Assembly.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: I just want to make sure that since you are only changing the English version, the French version does talk about the report and not a copy of the report.

Mr. Yasir Naqvi: Exactly.

Mr. Michael Prue: Already. Okay, thank you then.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 36, as amended, carry? Carried.

We’re considering schedule 16, section 37; in your package, number 59, a PC amendment. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 37 of schedule 16 to the bill be amended by adding the following subsection:

“Notice to assembly

“(3.1) Within 10 days after the administrator is appointed, the minister shall provide a copy of the order to the Speaker of the assembly.”

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

In the same section in your package, number 60, a government motion. Mrs. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 37(10) of schedule 16 to the bill be amended by striking out “the regulations” and substituting “the regulations made under this act”.

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: We’re trying to make it consistent. The rest of the legislation refers to regulations made under this act, so we’re just making this section in compliance.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? Carried.

Shall schedule 16, section 37, as amended, carry? Carried.

There are no proposed amendments to sections 38 and 39 of schedule 16. We’ll consider them both together.

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 16, sections 38 and 39, carry? Carried.

Schedule 16, section 40, in your package, number 61, PC amendment. Mr. Shurman.

Mr. Peter Shurman: I move that clause 40(1)(a) of schedule 16 to the bill be struck out and the following substituted:

“(a) providing for proceedings under delegated legislation, including hearings and appeals;”

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? Carried.

In your package, number 62, government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 40(1) of schedule 16 to the bill be amended by adding the following clause:

“(c.1) with respect to a particular delegated administrative authority, specifying a day for the purposes of subsection 18.1(4);”

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, on the request of the Office of Francophone Affairs we have made this change, and I alluded to it earlier. This amendment would allow the Lieutenant Governor in Council to make regulations specifying when delegated administrative authorities that existed before the Delegated Administrative Authorities Act—the one which is under consideration—come into force, they must provide services in French.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? Carried.

Okay. We've got lots of work to do on this section. In your package, number 63, a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that clause 40(1)(d) of schedule 16 to the bill be struck out.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry?

Mr. Yasir Naqvi: Chair, point of order: You can strike out a clause? Can we do that?

The Chair (Mr. Bob Delaney): The amendment is in order. Shall the amendment carry? Carried.

In your package at number 64, government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the subsection 40(1) of schedule 16 to the bill be amended by adding the following clause:

“(d.1) exempting a particular delegated administrative authority or a class of administrative authorities from the application of any provision of this act or of the regulations made under it;”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Fairly self-explanatory. This motion would allow the Lieutenant Governor in Council to exempt delegated administrative authorities from any provision of the Delegated Administrative Authorities Act, 2012, or the regulations under that act.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: Just by way of discussion, Chair, I wanted to point out that our amendments in virtually all of this section pertain to making sure that accountability is supreme in dealing with delegated administrative authorities. This amendment provides very little accountability and no oversight, and it allows certain delegated administrative authorities to be basically exempt from the act. It offers a little more let's call it wiggle room for the minister to avoid this accountability, so we have a problem with this particular section.

The Chair (Mr. Bob Delaney): Any further comment? Mr. Prue.

Mr. Michael Prue: I would like to echo those comments. I think ministerial responsibility needs to be strengthened, not lessened, and I'm afraid that this amendment will lessen ministerial responsibility. We cannot find our way to vote for this.

The Chair (Mr. Bob Delaney): Further comments? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment lost.

Before we consider amendment number 65 in your package, the Chair needs to confer on this. We will be in recess for just a few minutes.

The committee recessed from 1002 to 1012.

The Chair (Mr. Bob Delaney): Okay, let's come back to order. We are looking at schedule 16, section 40. We're at amendment number 65 in your package, a PC motion. Mr. Shurman.

Mr. Peter Shurman: I move that section 40 of schedule 16 to the bill be amended by adding the following subsection:

“Costs and expenses

“(1.1) Clause (1)(a) does not authorize the making of regulations allowing the delegated administrative authority to recover from the parties to the proceedings the costs and expenses that the administrative authority incurs in respect of the proceedings.”

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry?

Mr. Prue?

Mr. Michael Prue: I would like a 20-minute recess at this point, please.

The Chair (Mr. Bob Delaney): If you would like a 20-minute recess, you can have a 20-minute recess. We are in recess until 32 minutes after 10.

The committee recessed from 1013 to 1034.

The Chair (Mr. Bob Delaney): Well, thanks, everyone, especially for coming back on time. Before we resume, the Chair would like to correct and make a minor amendment to a ruling I made earlier in the meeting.

I said before we started that according to the standing orders, members could have staff present. I was incorrect in that, in that while it does apply when the House is meeting in the committee of the whole House, it didn't apply to standing committees, so in view of the practice this morning, I'd like to request unanimous consent that for the purposes of this meeting only, staff be permitted to sit with the respective parties. Do I have such unanimous consent? Thank you.

Interjections.

The Chair (Mr. Bob Delaney): It means we have a much happier clerk.

Just before the commercial break, we were at number 65 in your package, a PC motion. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 40—

The Chair (Mr. Bob Delaney): I'm sorry; let me back up. We've already had that. We are at the vote on it. Mr. Shurman read it earlier. This is PC motion number 65 in your package. Shall the amendment carry?

Interjection.

The Chair (Mr. Bob Delaney): Okay, let's do this a little bit more formally.

Mr. Yasir Naqvi: With enthusiasm, support your motion.

The Chair (Mr. Bob Delaney): All those in favour? All those opposed? I declare the amendment carried.

The next item in your package, number 66, is out of order because there is no more clause 1(d). Please note that number 66 is out of order.

Shall schedule 16, section 40, as amended, carry? All those in favour? All those opposed? Carried.

Sections 41, 42 and 43 of schedule 16 contain no amendments. May we consider those sections as a block?

Mr. Yasir Naqvi: Yes.

Mr. Peter Shurman: Yes.

The Chair (Mr. Bob Delaney): Shall sections 41, 42 and 43 of schedule 16 carry? Carried.

Section 44 of schedule 16, government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 113.9 of the Electricity Act, 1998, as set out in subsection 44(2) of schedule 16 to the bill, be struck out and the following substituted:

“Conflict

“113.9(1) A regulation made under clause 40(1)(a) of the Delegated Administrative Authorities Act, 2012, requiring a review panel to review a director’s decision before the decision may be appealed to the Divisional Court under section 113.10 of this act, prevails over this part to the extent of any conflict.

“Application of subs. (1)

“(2) Subsection (1) applies only if this part is delegated legislation to be administered by a delegated administrative authority under the Delegated Administrative Authorities Act, 2012.”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: On the advice of the legislative counsel, section 113.9 of the Electricity Act, 1998, which would be amended to refer to the Delegated Administrative Authorities Act, 2012, would also be amended so that it reads more clearly.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I’d just like to speak to that briefly. Our whole orientation in dealing with this section, as I mentioned earlier, was to try to make the delegated administrative authority two things: one is more accountable and the other is less loaded with red tape—God knows this province has enough red tape. So in the case of this particular amendment, it would add significant red tape to the entire DAA process. For that reason, we would have to oppose it. I wonder if the Liberal side would consider thinking about that before we call for the question.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry—

Interjection.

The Chair (Mr. Bob Delaney): Mr. Prue?

Mr. Michael Prue: Before we get to that, if you’re going to the vote, I regretfully ask for another 20-minute recess.

The Chair (Mr. Bob Delaney): A 20-minute recess having been requested, we are in recess until 11 o’clock sharp.

The committee recessed from 1040 to 1057.

The Chair (Mr. Bob Delaney): Our committee will please come back to order. We are considering government amendment number 67 in your packages. We are at the vote.

All those in favour? All those opposed? I declare the motion carried.

Shall schedule 16, section 44, as amended, carry? Carried.

There are no amendments proposed for sections 45 through 53, inclusive. Shall we consider sections 45 through 53, inclusive, as a block?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 16, sections 45 through 53, inclusive, carry? Carried.

Mr. Prue, would you like to speak to the notice, number 68, in your package?

Mr. Michael Prue: Surely, yes, if I may. In view of the many amendments that have been made and passed over the last two days on schedule 16, and in view of the letter which was written by the leader of the NDP, Andrea Horwath, to the Premier, stating that we would not be voting against this particular schedule, we—I guess we can’t withdraw this, but we are asking people to ignore it.

The Chair (Mr. Bob Delaney): Well, I’m used to “carried,” “lost.” I’m used to “withdrawn,” but I think we have a new category called “ignore.” Okay. Thank you.

Shall schedule 16, as amended, carry?

Interjections.

The Chair (Mr. Bob Delaney): Let’s make sure that we do this one. All those in favour? All those opposed? Carried. Thank you.

There are no proposed amendments in schedule 17, sections 1 through 4, which represents all of schedule 17. Shall we consider sections 1 through 4 together?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 4, inclusive, of schedule 17 carry? Carried.

Shall schedule 17 carry? Carried.

There are no amendments proposed in schedule 18, sections 1 through 5, inclusive. Shall we consider sections 1 through 5, inclusive, as a block?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 18, section 1 through 5, inclusive, carry? Carried. Thank you.

Shall schedule 18 carry? Let’s do this just on a show of hands, because it’s a whole schedule. All those in favour? All those opposed? Carried.

We are now considering schedule 19, number 70 in your packages, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 10.1(4) of the Endangered Species Act, 2007, as set out in section 1 of schedule 19 to the bill, be struck out and the following substituted:

“Non-commercial activities

“(4) The exemptions described in subsection (1) apply to a person who is engaged in a non-commercial activity on lands, other than public lands, that are within 25 metres of the person’s primary residence or in any other area that is associated with the person’s primary residence and prescribed by the regulations.”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: As you may recall, during the committee hearings some environmental stakeholders felt that the exemption originally proposed in Bill 55 regarding activities conducted in close proximity to a primary residence—for example, to allow individuals to undertake reasonable activities, such as trimming the branches of a tree that is a species at risk, where the branches are touching a private residence—was too broad.

The original proposal referenced a distance of 50 metres from a primary residence as the area in which such activities would be allowed. The distance suggested by the environmental stakeholders was 10 metres. The distance now proposed in this motion is 25 metres, which represents a workable compromise. Regulations may be used to establish additional conditions on when this exemption may be used and to identify circumstances in which this exemption does not apply.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? Carried.

Shall schedule 19, section 1, as amended, carry? Carried.

Please note that in your packages there is no 71, so we go from 70 to 72.

Schedule 19, section 2: We have a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 2(3) of schedule 19 to the bill be struck out and the following substituted:

“(3) Clause 11(4)(c) of the act is amended by striking out ‘the fifth anniversary of the date section 7 comes into force’ and substituting ‘the seventh anniversary of the date section 7 comes into force.’”

The Chair (Mr. Bob Delaney): Any discussion? Mr. McNaughton.

Mr. Monte McNaughton: This amendment provides a firm deadline that allows for people to adjust to the regulations.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: A five-minute recess?

The Chair (Mr. Bob Delaney): A five-minute recess is requested. We'll be back at 11:10 sharp.

The committee recessed from 1105 to 1110.

The Chair (Mr. Bob Delaney): Let's come back to order. We are considering PC motion number 72 in your package. Shall the amendment carry? Carried.

In your package, number 74, government motion, is now out of order as some of the operative words no longer exist in the bill. So you can put aside number 74.

Mr. Yasir Naqvi: Sorry, repeat that again, Chair.

The Chair (Mr. Bob Delaney): It's out of order.

Mr. Yasir Naqvi: Number 74?

The Chair (Mr. Bob Delaney): Number 74.

Mr. Yasir Naqvi: Okay.

The Chair (Mr. Bob Delaney): Shall schedule 19, section 2, as amended, carry? Let's try it with a little bit

of emphasis. All those in favour? All those opposed? It carries.

There are no amendments proposed for schedule 19, sections 3 and 4. Consider the two of them as a block?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 19, sections 3 and 4, carry? Carried.

We are at schedule 19, section 5, number 76 in your package. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 18(3) of the Endangered Species Act, 2007, as set out in section 5 of schedule 19 to the bill, be struck out and the following substituted:

“Conditions

“(3) The exemptions described in subsection (1) do not apply, or shall cease to apply, to a person who, while engaging in the activity permitted by, or required to be carried out in accordance with, an instrument described in subsection (2), fails to meet the following conditions:

“1. The person must take reasonable steps to minimize adverse effects on individual members of any species that are likely to be affected by the activity and are listed on the Species at Risk in Ontario List as extirpated, endangered or threatened.

“2. If required by the regulations, the person must achieve an overall benefit for one or more of the species listed on the Species at Risk in Ontario List as extirpated, endangered or threatened, by implementing such measures as may be prescribed by the regulations.

“3. The person must comply with any requirement imposed by the instrument or any other condition prescribed by the regulations.”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The changes to section 18 originally proposed in Bill 55 would provide greater flexibility in the application of the protection provisions of the Endangered Species Act to activities conducted under the authority of other acts. Some environmental stakeholders objected to the proposed changes in Bill 55 and requested that section 18 be retained as it currently exists. The government motion now proposed would provide greater flexibility than under section 18 as it currently exists, but would establish additional conditions, such as requiring reasonable steps to minimize adverse effects on species at risk and requiring that an overall benefit be achieved for specified species at risk, if a regulation is passed.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Shurman.

Mr. Peter Shurman: Just a brief note so that it is on the record: This again is a situation where, unnecessarily, the government wants to add red tape to the Endangered Species Act. For that reason, we certainly are against that, and I'd call for a recorded vote.

The Chair (Mr. Bob Delaney): Thank you. Any further discussion? A recorded vote having been requested, all those in favour?

Mr. Michael Prue: I wonder if I could have a five-minute recess, please.

The Chair (Mr. Bob Delaney): A five-minute recess having been requested, we will reconvene at 19 minutes after 11.

The committee recessed from 1114 to 1128.

The Chair (Mr. Bob Delaney): We'll come back to order, please.

A recorded vote has been requested. We're considering a government amendment, number 76 in your packages, to section 5 of schedule 19.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): I declare the amendment carried.

Mr. Prue, would you like to speak to the notice, number 77?

Mr. Michael Prue: Well, I think it is so irrelevant considering how we just voted that I don't even know why it's here.

The Chair (Mr. Bob Delaney): Well, you've created a category called "ignore."

Mr. Michael Prue: Ignore it.

The Chair (Mr. Bob Delaney): Shall schedule 19, section 5, as amended, carry? Carried.

We're considering schedule 19, section 6; in your packages, government motion number 78. Ms. Wong.

Ms. Soo Wong: I move that clauses 55 (1.1)(b) and (c) of the Endangered Species Act, 2007, as set out in section 6 of schedule 19 to the bill, be struck out and the following substituted:

"(b) prescribing instruments and classes of instruments for the purposes of clause 18(2)(b);

"(c) prescribing measures for the purposes of paragraph 2 of subsection 18(3) and requiring a person who is engaged in an activity described in subsection 18(1) to implement such measures;

"(d) prescribing conditions for the purposes of paragraph 3 of subsection 18(3) including, for example, conditions that,

"(i) promote the protection or recovery of species listed on the Species at Risk in Ontario List as endangered, threatened or special concern, or

"(ii) promote the gathering and assembling of scientific information, including information obtained from community knowledge and aboriginal traditional knowledge, related to species referred to in subclause (i) or the ecology of the landscapes in which such species exist;

"(e) prescribing circumstances for the purposes of subsection 18(4) in which the exemptions described in subsection 18(1) do not apply including, for example, circumstances in which an activity described in subsection 18(1) may jeopardize the survival of a species

listed on the Species at Risk in Ontario List as endangered or threatened."

The Chair (Mr. Bob Delaney): Just for the purpose of clarification, in paragraph (c), did you mean to say "a person who is engaged"?

Ms. Soo Wong: Yes, "who is engaged in an activity."

The Chair (Mr. Bob Delaney): And in (d)(i), did you mean to say "threatened or special concern"?

Ms. Soo Wong: Yes, "threatened or special concern."

The Chair (Mr. Bob Delaney): And in section (ii), did you mean to say "related to species"?

Ms. Soo Wong: Yes.

The Chair (Mr. Bob Delaney): Thank you. Just to ensure that we've got it down right.

Mr. Naqvi?

Mr. Yasir Naqvi: Chair, the proposed motion would revise the regulation-making authorities under the act to reflect motions 73, I guess, and 76.

The Chair (Mr. Bob Delaney): Ms. Forster?

Ms. Cindy Forster: Chair, I request a 10-minute recess.

The Chair (Mr. Bob Delaney): A 10-minute recess having been requested, we will reconvene at 11:42.

The committee recessed from 1132 to 1141.

The Chair (Mr. Bob Delaney): Okay. Let's come back to order. We are considering government amendment 78 in your package to schedule 19, section 6.

Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Shall schedule 19, section 6, as amended, carry? Carried.

There are no amendments proposed to schedule 19, section 7. Shall schedule 19, section 7, carry? Carried.

Mr. Victor Fedeli: Chair?

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Page 79: That is an amendment to section 7, so we can't—

The Chair (Mr. Bob Delaney): It's a new section.

Mr. Victor Fedeli: Because it's 7.1 means it's not part of 7?

The Chair (Mr. Bob Delaney): That's correct. We're coming up to it now. All right, with Mr. Fedeli's query in mind, we'll now consider schedule 19, section 7.1, which would be a new section, and we have a PC motion. Mr. Fedeli—Mr. Prue?

Mr. Michael Prue: On a point of privilege: Unfortunately, my package does not have that motion. I go from 78 to 80.

The Chair (Mr. Bob Delaney): Then we'll get you a copy right now.

Interjections.

The Chair (Mr. Bob Delaney): Okay?

Mr. Michael Prue: Okay. Thank you.

The Chair (Mr. Bob Delaney): Everybody have a copy of it? All right.

Mr. Fedeli.

Mr. Victor Fedeli: I move that schedule 19 to the bill be amended by adding the following section:

"7.1 The act is amended by adding the following section:

"Bill 55—Strong Action for Ontario Act (Budget Measures), 2012

"58(1) This section applies only if Bill 55 (Strong Action for Ontario Act (Budget Measures), 2012) receives royal assent.

"References

"(2) References in this section to schedules and provisions of Bill 55 are references to those schedules and provisions as they were numbered in the first reading version of the bill.

"Review by Environmental Commissioner

"(3) The Environmental Commissioner appointed under the Environmental Bill of Rights, 1993 shall review the amendments to this act set out in schedule 19 to Bill 55 to determine if the amendments constitute proposals that could have significant effect on the environment and should be subject to the procedures set out in the Environmental Bill of Rights, 1993.

"Special report

"(4) At the end of a review conducted under subsection (3), the Environmental Commissioner shall prepare a report on the review and present the report to the Speaker of the assembly and the Speaker shall lay the report before the assembly as soon as reasonably possible."

The Chair (Mr. Bob Delaney): Thank you. This amendment attempts to indirectly amend the Environmental Bill of Rights, an act which is not open in this bill.

Mr. Peter Shurman: May I speak to that for a moment?

The Chair (Mr. Bob Delaney): Well, I'm going to rule the amendment out of order, but is it going to be brief?

Mr. Peter Shurman: It will be brief. These are just a few points I want to make with regard to our anticipation that you might rule it out of order, and I guess I think maybe you might want to just take a rethink of that or consult with the clerical staff to find out whether indeed it is out of order.

The point is that the motion is within the scope of Bill 55 in our view, since the subject matter of the Environmental Commissioner's review would specifically relate to the schedule. I understand, at first blush, the amendment could look out of order; as I said, we knew that that would come up because the role of the Environmental Commissioner isn't actually mentioned in the statute. But the Environmental Commissioner, as an officer of the Legislative Assembly, does have the authority to review bills with environmental implications.

The review that this motion calls for would only allow the Environmental Commissioner to consider what is contained within the schedule, nothing more. So I have to make the argument that the motion is actually in order. The motion calls for what any two Ontarians can request from the Environmental Commissioner under section 61 of the Environmental Bill of Rights, specifically, a

review of legislation that would significantly affect the state of our environment.

Lastly, Chair, under the Environmental Bill of Rights, the minister does have the discretion to determine which acts would "have a significant effect on the environment" and be posted to the environmental registry. The Liberals knew full well that this schedule had significant environmental implications, but they did choose to block the public out of the decision-making process by not posting it to the environmental registry. That's the reason why I think that this thing does mesh with the overall intent of what we're considering.

The Chair (Mr. Bob Delaney): The amendment has been ruled out of order. You may wish to appeal it to the Speaker. Do you so wish—

Mr. Peter Shurman: Yes, I would like to appeal it to the Speaker.

The Chair (Mr. Bob Delaney): Mr. Shurman has requested that the ruling be appealed to the Speaker. Shall the ruling be—Mr. Prue?

Mr. Michael Prue: On a point of order, so I understand what I am voting on: Should this be appealed to the Speaker, will that delay in any way this committee coming to its decisions?

The Chair (Mr. Bob Delaney): It would require unanimous consent to continue with other sections, but if we appeal this ruling to the Speaker in the absence of that unanimous consent, then that would in fact delay our consideration of other sections.

Mr. Michael Prue: I don't even know whether the Speaker is available, so I am a little reluctant here. I just have to put that on the record: I'm a little reluctant. Notwithstanding that I think the motion may have some merit or what is being said may have some merit, we have an obligation to finish by tomorrow and I'm not willing to put that at risk.

The Chair (Mr. Bob Delaney): We'll recess—

Mr. Peter Shurman: Give us two minutes.

The Chair (Mr. Bob Delaney):—for two minutes.

The committee recessed from 1148 to 1152.

The Chair (Mr. Bob Delaney): Let's come back to order.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Mr. Shurman on a point of order.

Mr. Peter Shurman: Thank you very much, Chair. I wish to advise the committee that I'm prepared to withdraw my request for a Speaker's ruling.

The Chair (Mr. Bob Delaney): Then number 79 in your package has been ruled out of order by the Chair.

Shall schedule 19, section—

Interjections.

The Chair (Mr. Bob Delaney): There are no amendments proposed for schedule 19, section 8. Shall schedule 19—

Mr. Yasir Naqvi: No, there is.

The Chair (Mr. Bob Delaney): I'm sorry. There is one amendment proposed for schedule 19, section 8. That's a PC motion. Mr. Shurman.

Mr. Peter Shurman: I move that section 8 of schedule 19 to the bill be struck out and the following substituted:

“Commencement

“8(1) Subject to subsection (2), this schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.

“Same

“(2) Sections 1 to 7 come into force on a day to be named by proclamation of the Lieutenant Governor.”

The Chair (Mr. Bob Delaney): The Chair is going to declare a five-minute recess while we consider this particular motion.

Mr. Michael Prue: If I might, Mr. Chair, since it's five minutes to 12, would we just come back at 1 o'clock?

Interjections.

Mr. Michael Prue: If you say three minutes, I'll agree with you.

The Chair (Mr. Bob Delaney): Let's make it three, and let's see if we can finish this particular schedule, because we're very close to finishing this schedule. I'm very mindful of the time. Thank you.

The committee recessed from 1154 to 1156.

The Chair (Mr. Bob Delaney): Okay, let's come back into order. The clerk's staff was checking PC motion number 80 in your package, just to determine whether there were any dependencies that had either disappeared or been out of order. That had not happened. The amendment is in order.

Discussion?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: A 10-minute recess?

Mr. Gilles Bisson: Sounds like lunch.

The Chair (Mr. Bob Delaney): The Chair would like to suggest that perhaps we declare our lunch recess beginning now, and that we will resume with the consideration of item number 80 at 1 o'clock.

We are in recess until 1 o'clock.

The committee recessed from 1157 to 1301.

The Chair (Mr. Bob Delaney): Good afternoon, everybody. We're here to resume our consideration of Bill 55 and our consumption of Mr. Prue's banana bread.

When we left off before lunch, we were at the vote on number 80 in your package, which is the PC amendment to section 8, schedule 19. Shall the amendment carry? Carried.

Shall schedule 19, section 8, as amended, carry?

Interjection.

The Chair (Mr. Bob Delaney): Let's try it again. Shall schedule 19, schedule 8, as amended, carry? Carried. See, that wasn't very hard.

We are now at the vote on schedule 19, as amended. There is a notice in your package, number 81, from the NDP.

Mr. Yasir Naqvi: Chair, 10-minute recess?

The Chair (Mr. Bob Delaney): Mr. Prue, would you like to speak to that?

Mr. Michael Prue: I just want to say that this should be ignored, and then if he wants a 10-minute—but please ignore this.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Ten-minute recess.

The Chair (Mr. Bob Delaney): Ten minutes?

Mr. Yasir Naqvi: Yes, please.

The Chair (Mr. Bob Delaney): We are adjourned until 13 minutes after 1.

The committee recessed from 1303 to 1313.

The Chair (Mr. Bob Delaney): We'll please come back to order. We are here to consider schedule 19. Shall schedule—

Mr. Yasir Naqvi: Chair, before you take a vote on schedule 19, I'd like to make a statement about schedule 19.

The Chair (Mr. Bob Delaney): If you needed to make a statement, you had to make it before you asked for the recess. At this point—

Mr. Yasir Naqvi: But Chair, you hadn't called the vote.

The Chair (Mr. Bob Delaney): I had called the vote and you asked for the recess, which was granted. At this point, we are on the vote for schedule 19, as amended. I will call the question on that.

Shall schedule 19, as amended, carry? All those in favour? All those opposed? I declare schedule 19 lost.

We're going to consider schedule 20. There is no amendment proposed to section 1. Shall schedule 20, section 1, carry? Carried.

Schedule 20, section 2: I refer you to number 82 in your packages, a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that the definition of “broader public sector” in subsection 1.0.19(2) of the Financial Administration Act, as set out in section 2 of schedule 20 to the bill, be amended by striking out the portion before clause (a) and substituting the following:

““broader public sector” means every authority, board, commission, committee, corporation, council, foundation or organization that received public funds of 10 million dollars or more in the government of Ontario's previous fiscal year, but does not include,”

The Chair (Mr. Bob Delaney): Any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I strongly recommend to vote against this particular motion. This will narrow the proposed definition to exclude entities which receive less than \$10 million each year and thus curtail the grant-making power set out in the act. It would cut off the scope of groups that can receive grants, which could be problematic. So I recommend that members of the committee vote against this motion.

The Chair (Mr. Bob Delaney): Further discussion? Mr. McNaughton.

Mr. Monte McNaughton: We strongly support it. It makes the definition of “broader public sector” the same in both this schedule and the Broader Public Sector Accountability Act.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment lost.

Shall schedule 20, section 2, carry? Carried.

There are no amendments to schedule 20, section 3. Shall schedule 20, section 3, carry? Carried.

We're considering schedule 20, section 4. In your package, number 83: PC motion, Mr. Fedeli.

Mr. Victor Fedeli: I move that section 4 of schedule 20 to the bill be amended by adding the following subsections to section 3 of the Financial Administration Act:

"Procurement policies

"(4.2) Before the Minister of Finance enters into an agreement or arrangement with any entity mentioned in subsection (4.1), the minister shall comply with the directives governing procurement issued by the Management Board of Cabinet.

"Same

"(4.3) For the purposes of subsection (4.2), an open competition must be held with respect to any agreement or arrangement valued at more than \$50,000.

"Publication in the Ontario Gazette

"(4.4) If the Minister of Finance enters into an agreement or arrangement with an entity, the following information must be published in the Ontario Gazette:

"1. The name of the entity.

"2. The services that the entity will provide.

"3. The term of the agreement or arrangement."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I'm going to ask Mr. Jim Sinclair perhaps to come forward to give an explanation as to why it's recommended to vote against this. I'll give you a brief explanation, and he can substantiate further if need be.

Our government's recommendation to the committee members is to vote against this motion. In procuring any goods or services, the government complies with any applicable trade agreements and internal government directives. In certain jurisdictions, the province may be required by law to deal with specific service providers that are authorized under the laws of that jurisdiction. Furthermore, there are a limited number of regulated organizations that conduct central clearing of derivatives. Therefore, open competitions would not be feasible.

Accordingly, the government does not believe that the proposed motion to amend is necessary; in fact, it may cause confusion in the credit markets and increase costs. It may also adversely affect the province's ability to hedge and reduce its interest rate and currency exposure and harm its ability to complete the borrowing program.

I'll ask Mr. Sinclair if he wants to add any further explanation as to why this motion should not be supported.

The Chair (Mr. Bob Delaney): Just before you begin, just state your name for Hansard.

Mr. James Sinclair: My name is Jim Sinclair. I'm legal director at the Ministry of Finance.

Just to provide a little bit of background to the particular section of the FAA that is proposed in Bill 55, what it's trying to accomplish is to address some of the commitments that have been made under the G20 over-the-counter derivatives commitments made a year or two ago—probably two years now.

In the fall of 2010, we had introduced amendments to the Securities Act that would allow for fulfilling some of these commitments. This is in the same vein.

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When we're dealing in the over-the-counter derivatives market, there aren't a lot of competitors in some parts of it. One of the proposals of the Dodd-Frank rules in the United States, which are also intending to deal with these G20 commitments, is to have swaps cleared on an exchange as opposed to having them as bilateral contracts between two counterparties.

It's highly unlikely, particularly for Canadian dollar swaps, that there will be more than one clearing house and more than one exchange upon which those will trade. That will be the case with respect to Canadian dollar derivative products, not just the interest rate swaps. So the proposal part of motion 83, while laudable, will have a hard time fulfilling that in the world of the over-the-counter derivatives.

I would also add that the requirement to publish the terms of the contract in the gazette will mean that, in some cases, depending upon the type of agreement we're talking about, those in the market will see when a particular contract is coming up and there's the potential for predatory pricing. So it doesn't appear to me that these over-the-counter derivative commitments can easily be fulfilled with the motion that's proposed.

I guess the one other thing I would add is that in cases where there are difficulties in the market—and let's say a market competitor or a market dealer, for example, were to run into financial difficulty moving accounts from that entity to another and, requiring an open and competitive procurement, it will use up considerable time and there could be significant value lost when that is happening.

I guess that's all I had to say.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Fedeli.

Mr. Victor Fedeli: Chair, this actually requires the minister to provide notice and to tender any agreement the ministry enters that is over \$50,000. We don't see any confusion here, Chair. Plain and simply, this will ensure that the government is not sole-sourcing their financial providers and advisers.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? Okay. As there is a tie on this amendment, the convention is for the Chair to support the status quo. Therefore, I declare the amendment lost.

Shall schedule 20, section 4, carry? Carried. In my opinion, the section carries.

Schedule 20, section 5: We have PC motion number 84 in your packages. Mr. Shurman.

Mr. Peter Shurman: I move that subsection 5(2) of schedule 20 to the bill be struck out.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, my understanding is that subsection 5(2) is a consequential amendment arising from the proposed amendments in schedule 42, which is the Ministry of Revenue Act. As a result, the motion is inconsistent with proposed amendments in schedule 42.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I would simply put the comment on the record that this removes the ability of the minister to review any public body that has received funds from the government, and that is to say, bodies like charities and scholarships, and we think that that's essential.

The Chair (Mr. Bob Delaney): Further debate? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

In your packages, at number 85, we have a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 5(3) of schedule 20 to the bill be struck out.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I state the same reason I mentioned earlier, that these are making consequential amendments arising from proposed amendments in schedule 42. Thus, the motion is inconsistent with proposed amendments in schedule 42 and thus should not be supported by the members of the committee.

The Chair (Mr. Bob Delaney): Discussion? Mr. McNaughton.

Mr. Monte McNaughton: For us, it's the same as our previous motion: It removes the ability of the minister to review any public body that has received funds from the government.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

In your packages, at number 86, we have a PC motion. Mr. Fedeli.

Mr. Victor Fedeli: I move that subsection 5(9) of schedule 20 to the bill be struck out.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I state similar reasons as mentioned twice before.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Ditto.

The Chair (Mr. Bob Delaney): You've got to like conciseness.

Mr. Yasir Naqvi: It's a technical term.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

In your packages, at number 87, a PC motion. Mr. Shurman.

Mr. Peter Shurman: I move that section 6—

Mr. Yasir Naqvi: Chair?

Mr. Peter Shurman: Go ahead.

Mr. Yasir Naqvi: I think you need to get a vote on section 5.

The Chair (Mr. Bob Delaney): My error. I was looking at a typographical error on my road map.

Before we consider number 87, I need to ask you, shall schedule 20, section 5, as amended, carry? Carried. Thank you.

We're now back to number 87 in schedule 20, section 6. Mr. Shurman.

Mr. Peter Shurman: I move that section 6 of schedule 20 to the bill be struck out and the following substituted:

"6. Subsection 38(1) of the act is amended by adding the following clause:

“(a.3) prescribing entities that are excluded from the definition of “broader public sector” in subsection 1.0.19(2);”

The Chair (Mr. Bob Delaney): Discussion?

Mr. Peter Shurman: I'll just make the following comment: The amendment removes section 6, specifically (a.3) and (c.1.1) in schedule 20, and it reinserts only (a.3). The amendment allows the Lieutenant Governor in Council to determine and make such regulations as he or she considers necessary, including what organizations are to be excluded from the definition of broader public sector in 1.0.19(2). That's the reason for the amendment.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? Carried.

Shall schedule 20, section 6, as amended, carry? In my opinion, the section carries.

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There are no amendments proposed for section 7 of schedule 20. Shall section 7 of schedule 20 carry? In my opinion, the section carries.

Shall schedule 20, as amended, carry? In my opinion, the schedule carries.

There are no amendments proposed to sections 1 and 2 of schedule 21. May we consider sections 1 and 2 together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 of schedule 21 carry? In my opinion, the sections carry.

Shall schedule 21 carry? In my opinion, the schedule carries.

We're now considering schedule 22. There are no amendments proposed to sections 1, 2 and 3. May we consider sections 1, 2 and 3 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1, 2 and 3 of schedule 22 carry? In my opinion, the sections carry.

We'll move to the consideration of section 4, schedule 22. In order that both amendments 88 and 89 can be debated, we'll consider number 89 first. So this is an NDP motion. Mr. Prue.

Mr. Michael Prue: I move that subsection 50.5(3.4) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(1) of schedule 22 to the bill, be struck out and the following substituted:

“Same

“(3.4) The written reasons must demonstrate that the board of arbitration has considered the criteria set out in subsection (2), and may deal with other matters as the board considers appropriate.”

The Chair (Mr. Bob Delaney): Discussion?

Mr. Peter Shurman: Yes.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I just want to point out for all members of the committee that an amendment like this will allow the board of arbitration, whatever that may be, to address any matter, which makes it extremely broad and time-consuming, and that could cause a further delay in arbitration decisions. For that reason, we strongly oppose it.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Government motion 88, which I believe we will discuss after this, already addresses this motion by eliminating the word “proper” from this subsection.

By removing the word “clearly” as proposed here, it would mean that arbitrators would not have to demonstrate clear consideration of the criteria on which he or she receives submissions from a party. The proposed legislation is to increase accountability and transparency within the interest arbitration system while preserving the essential independence of the decision-making process. Thus, we recommend voting against this motion.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment is lost.

Which brings us to number 88 in your package, a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsections 50.5(3.1), (3.2), (3.3) and (3.4) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(1) of schedule 22 to the bill, be struck out and the following substituted:

“Submissions re criteria

“(3.1) A party shall make submissions to the board of arbitration on any of the criteria set out in subsection (2) in respect of which the party intends to request written reasons from the board.

“Reasons

“(3.2) When the board of arbitration gives its decision, it shall provide written reasons upon the request of either party.

“Same

“(3.3) The written reasons must clearly demonstrate that the board of arbitration has considered the criteria on which a party has made submissions under subsection (3.1), and may deal with other matters as the board considers appropriate.”

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi?

Mr. Yasir Naqvi: Chair, the proposed motion will amend those provisions to require a party to make submissions only on the criteria set out in the act in respect of which it intends to request written reasons from the board of arbitration, and a corresponding requirement on a board of arbitration to provide written reasons on the request of either party and to include in those reasons a clear demonstration that the board of arbitration has considered the criteria on which they received submissions from a party.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Interjection.

The Chair (Mr. Bob Delaney): It was a close one.

In your package, number 90, a government motion: Ms. Wong.

Ms. Soo Wong: I move that subsections 50.5(5), (6), (6.1), (6.2), (6.3) and (6.4) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(2) of schedule 22 to the bill, be struck out and the following substituted:

“Time for final submissions

“(5) If the board of arbitration has not given its decision on or before the date that is 14 months after the referral date, each of the parties shall, on or before the date that is 15 months after the referral date, make its final written submissions to the board, including,

“(a) any submissions required by subsection (3.1); and

“(b) a list of any matters that the parties have already agreed upon.

“Time for decision

“(6) The board of arbitration shall give its decision on or before the date that is 16 months after the referral date, unless an extension is obtained under subsection (6.3).

“Same

“(6.1) The 16-month deadline applies,

“(a) even if replacements have been appointed under one or more of subsections 50.2(12), (13), (14), (15), (19) and (28);

“(b) even if one or both of the parties fail to make final written submissions in accordance with subsection (5).

“Same

“(6.2) Even if subsection 50.6(2) applies after the referral date, it does not operate so as to extend the 16-month deadline and, despite the operation of that subsection, the board shall give its decision on or before the date that is 16 months after the referral date.

“Application to board for extension

"(6.3) The parties may jointly apply to the board for an order extending the 16-month deadline, and in that case the following rules apply:

"1. The application must be filed with the board before the 16-month deadline expires.

"2. The board,

"i. must deal with the application on an expedited basis,

"ii. may grant only one extension in each arbitration proceeding, and

"iii. may grant an extension only in exceptional circumstances.

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"3. The extension, if granted, must not exceed two months after the date that is 16 months after the referral date.

"Termination of board of arbitration

"(6.4) The appointment of the board of arbitration is immediately terminated if it fails to comply with the 16-month deadline and one of the following conditions exists:

"1. No application has been made for an extension.

"2. An application for an extension has been dismissed.

"3. An application for an extension has been granted but the board of arbitration has not given its decision before the expiry of the extension period."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi?

Mr. Yasir Naqvi: The proposed subsections 50.5(5), (6), (6.1), (6.2), (6.3) and (6.4) of the Fire Protection and Prevention Act, 1997, would provide the timelines to complete an interest arbitration proceeding.

The purpose of this proposed change is to extend each timeline by four months. Specifically, the motion would amend timeline references as follows: 12 months to 16 months, 11 months to 15 months, and 10 months to 14 months.

Based upon feedback from stakeholders, it was felt that an extra four months was necessary to allow for central bargaining to occur first, and we heard that sometimes it can take a few months for unions and management to find, agree upon and have the initial meeting with an arbitrator.

The Chair (Mr. Bob Delaney): Discussion? Mr. Shurman.

Mr. Peter Shurman: I want to correct some confusion for those who may be observing these proceedings. It has been widely reported over the last couple of days since these clause-by-clause hearings have continued that somehow or other the New Democratic Party and the Progressive Conservative Party were voting similarly because we had the same reservations about our arbitration. I am certain that the NDP can speak for itself about what its reservations are. I'd like to speak for a moment about what the Progressive Conservative reservations are.

We have long been proponents of and have put forward to this government during budget discussions and in

debate in the Legislature the need for strong arbitration reform in the province of Ontario. We felt that the 12-month clause, while nowhere near enough, was something that we could live with as a basis and a foundation for where we would like to go, which is a situation where arbitration considers things like ability to pay on the part of the parties and economic conditions at the time. It doesn't, but with 12 months we would have been prepared to let it pass.

Going to as many as 16 months, it is impossible for us to accept this and that should in no way be equated with the position of anyone else. That is clearly a Progressive Conservative principle and one that we feel that the bulk of the province would support.

The Chair (Mr. Bob Delaney): Discussion?

Mr. Michael Prue: I think the Progressive Conservatives and the NDP come from a very different world on this particular issue. I am mindful that we are dealing here with number 90, but we are going to come down to the point where we're going to be voting on the schedule as a whole at number 96.

We have some considerable difficulty, when we get down that far, with not treating firefighters in exactly the same way as we have already determined we're going to treat ambulance services. It seems to me that the firefighters who go out there every single day and put their lives at risk deserve the same kind of decision and the same kind of arbitration process that the committee, in its wisdom, gave to the ambulance service drivers and people.

I do have to state for the record that although I don't have any problem with the government motion, this is one of the four bills that we have signalled that we think all workers should be treated exactly the same in the arbitration process.

If any two groups need to be treated fairly, in my view—and I think all workers need to be treated fairly, but we need to treat the firefighters who put their lives at risk in burning buildings every day and we need to treat our police officers in much the same way. They put their lives in harm's way every single day. They have an arbitration process because they cannot strike for public safety reasons.

In the Legislature on almost any given day when we are asked to comment on these two services, you will have people from party after party after party standing up, almost falling over themselves to say laudatory things and to say how important they are to the structure of Ontario. We believe that they are every bit as important as ambulance service drivers—not to denigrate them in any way, the latter group. We cannot in all conscience, even though we can support this government motion, vote for the bill when it comes to the end. All workers deserve the same protection, and if anybody in our society deserves it more than firefighters or police, I don't know who those are.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote.

Mr. Peter Shurman: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your packages at number 91 is a government amendment. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 50.5(6.8) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(2) of schedule 22 to the bill, be amended by striking out “submissions that comply with subsection (3.1)” and substituting “any submissions required by subsection (3.1)”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsection 50.5(6.8) of the Fire Protection and Prevention Act, 1997, refers to the party's obligation to file final written submissions with the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 50.5(3.1), (3.2), (3.3) and (3.4).

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, that vote carries.

In your package at number 92 we have a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsections 50.5(6.9), (6.10) and (6.13) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(2) of schedule 22 to the bill, be amended by striking out “final submissions” wherever it appears and substituting in each case “final written submissions”.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsections 50.5(6.9), (6.10) and (6.13) of the Fire Protection and Prevention Act, 1997, refer to the party's obligation to file final written submissions with the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this proposed change is to ensure consistent use of the phrase “final written submissions.”

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Number 93 in your packages: a government amendment, Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 50.5(6.14) of the Fire Protection and Prevention Act, 1997, as set out in subsection 4(2) of schedule 22 to the bill, be amended by striking out “Subsections (2), (3.3), (3.4) and (8)” at the beginning and substituting “Subsections (2), (3.2), (3.3) and (8)”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsection 50.5(6.14) of the Fire Protection and Prevention Act, 1997, refers to requirements applying to a decision of the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 50.5(3.1), (3.2), (3.3) and (3.4).

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The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: With respect to my friend Mr. Naqvi, the issue here remains the same for the Progressive Conservative Party. We feel and I believe the public feels at this point that arbitration has been something that has gone from the sublime to the ridiculous in the province of Ontario. Anything that is introduced by way of budget or any other measure that prolongs the arbitration process is something that we cannot live with and we don't believe any member of the public should have to live with. Therefore, anything that prolongs the arbitration process by way of amendment will be voted against by this party and, we would hope, by all other parties.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

We will now consider schedule 22, section 4, as amended. Shall schedule 22, section 4, as amended, carry? In my opinion, the schedule carries—the section. If we miss the occasional section and schedule, the clerk will correct me. That was my error.

We are considering schedule 22, section 5. We have a government amendment, number 94 in your package. Ms. Wong.

Ms. Soo Wong: I move that subsection 50.9(2) of the Fire Protection and Prevention Act, 1997, as set out in section 5 of schedule 22 to the bill, be amended by striking out “Subsections 50.5(3.1) to (3.4)” at the beginning and substituting “Subsections 50.5(3.1) to (3.3)”.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Proposed subsection 50.9(2) of the Fire Protection and Prevention Act, 1997, deals with the transition of the bill, as enacted. The purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 50.5(3.1), (3.2), (3.3) and (3.4).

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Number 95 in your package, same section: schedule 22, section 5. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 50.9(3) of the Fire Protection and Prevention Act, 1997, as set out in section 5 of schedule 22 to the bill, be struck out and the following substituted:

“Same

“(3) If the referral date falls on or after March 27, 2012 but before the day on which the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent,

“(a) the parties shall make their final written submissions to the board of arbitration on or before the date that is 15 months after the date of royal assent, not as provided in subsection 50.5(5); and

“(b) the board of arbitration shall give its decision on or before the date that is 16 months after the date of royal assent, not as provided in subsection 50.5(6).”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, similar reasons as before. This proposed amendment is to make the text consistent with the amendments proposed regarding subsections 50.5(5), (6), (6.1), (6.2), (6.3) and (6.4).

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: We’re clearly against this amendment. This amendment describes a process for arbitration cases between March 27, 2012, and the day before this receives royal assent. It prolongs arbitration from 11 to 15 months. Clearly, we can’t support this as PCs.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): Further discussion? A recorded vote is requested.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Shall schedule 22, section 5, as amended, carry?

Mr. Yasir Naqvi: Carried.

The Chair (Mr. Bob Delaney): In my opinion, the section carries.

Mr. Monte McNaughton: No, sorry.

The Chair (Mr. Bob Delaney): Did you say no?

Mr. Monte McNaughton: We said no. Correct?

Mr. Peter Shurman: We said no.

The Chair (Mr. Bob Delaney): Oh, I’m sorry. The Chair apologizes. I didn’t hear you say no.

Let’s take it from the top: Shall schedule 22, section 5, as amended, carry? All those in favour? All those opposed? In my opinion, the section carries.

There are no proposed amendments to section 6 and section 7 of schedule 22. Shall we consider sections 6 and 7 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 6 and 7 of schedule 22 carry? In my opinion, the sections carry.

We are now ready to consider schedule 22, as amended.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): I think I’m about to be asked for a recess, but remember when we recess, we come back to vote. So before I get asked for a recess—

Mr. Yasir Naqvi: I wanted to make a statement; I wasn’t asking for a recess.

The Chair (Mr. Bob Delaney): Okay. Mr. Prue, you have a notice listed as number 96. Do you want to speak to it?

Mr. Michael Prue: Yes, and this time we do intend—there will be four such schedules that we are recommending to continue to vote against, this being one of them. They all have to deal with the arbitration process.

The arbitration process is a difficult one, and I would grant that sometimes, some municipalities find that the arbitration process is not fair to the particular municipality because of their ability to pay. But on the other side of the process are those people in various services to the public who are in the arbitration process because they are deemed to be essential. They are essential because they cannot strike, and the only thing that they can do is to go out, go to the arbitrator and talk about what they need, in terms of their job, the grievances that they might have, and try to convince the arbitrator to come to a fair settlement for them. We are reluctant to take away any of

the rights that they currently have, and we feel that this schedule will take away some of the rights that firefighters have.

We also note—and I said this a few minutes ago, in dealing with another section of this schedule—that the arbitrators should have the same rights as those we gave to the ambulance services personnel. We saw fit, in the wisdom of the committee, to change schedule 1, and the majority vote was to remove schedule 1 from the bill. I am asking the committee to do the same thing for the firefighters.

I don't have to say—because I have said before, but I just very gently repeat it—that if there is any group in our society that deserves our respect and our admiration and I would hope our understanding, it would be the firefighters. This Legislature has not only lauded them repeated times when they've come before the Legislature, but we have also recognized the special circumstances under which they work, and we have presumptive legislation to make sure that firefighters can be presumed to have got a whole list of cancers and other diseases due to the nature of their work. I think an arbitrator needs to continue to be able to look at those kinds of things, and I am reluctant to take away one iota of power from the arbitrator when dealing with real, true heroes in our society. We cannot and we will not support this bill—it is one of four. They're all exactly the same, dealing with different groups. I'm asking the members of the committee to show the same respect for firefighters as they have shown for ambulance workers.

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The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: With all due respect, Chair, and with all due respect to my friend from the NDP, as well as to the government side, I sat and listened for four days of the five days of hearings, and organized labour was very much front and centre as one of the three or four themes that came up in the 100-plus different submissions.

I think that it's got nothing to do with showing respect for firefighters or police or ambulance drivers or anybody else. It, at this point, has come down to showing respect for the public of the province of Ontario, and I am sick and tired of hearing about the rights of labour. There are other people in this province besides labour; there are people who have rights to live and to work and to earn a living and to depend on first responders and everybody else in the broader public sector, that are not getting their due.

What we see here is an NDP that wants to open the door to what could be literally years of arbitration and ultimately awards like we saw last week that go beyond the scope of what the private sector even awards, where in the broader public sector, the TTC, the arbitrator awarded a three-year contract with a 2% increase every single year to the people in the TTC, which goes against even what the McGuinty government is proposing; and after a lengthy arbitration and now one that proposes to be even longer. We think that we need some stringency,

the same kind of stringency that goes into the private sector going into the public sector.

And I don't think it's got anything to do with a reflection back; we all believe our first responders do a great job. They and we, as members of the public and as representatives, have to see to expeditious and timely arbitration and any other thing that affects the lives of people.

There's a reason why we are sitting here and deliberating on a budget with a \$15-billion deficit, and that reason is the kind of foot-dragging that we're seeing. We have the NDP on one extreme, saying that they want to pull this schedule and others like it for reasons that they have elaborated; we've got the government going away from its own 12 months and saying, "We want to go as far as 16 months." A pox on both their houses.

What we need to do is we need to tighten arbitration so that everybody gets a fair shake, and that's the reason that we will vote in favour of the withdrawal of this schedule.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Before we vote on this schedule, I think it's important to step back, realize where these reforms are coming from and what these reforms are about.

As you know, there are two particularly significant changes that this schedule proposes to the interest arbitration as it relates to fire services: one, subsection 4(1) requires that arbitrators explain the reasons for their decisions; and secondly, subsection 4(2) requires that arbitrators meet clear and tight time frames in issuing their decisions.

Now, Chair, everybody in this room may remember a document called Changebook from the last provincial election, which happens to be the Ontario PC platform, and if you look at that document, at page 15, this is what it says: "We will make the system more transparent and accountable by requiring arbitrators to explain the reasons for their decisions. When arbitrators make decisions that cost ... families money, those families deserve to know why."

Here's another quote from Changebook, page 15: "We will require that clear and tight time frames be met by arbitrators so that the provincial and local governments can budget accordingly."

That's exactly what these changes are trying to do. If Ontario PCs vote this schedule down, they will be voting against their very own platform ideas. It's like they asked for chocolate ice cream, we gave them chocolate ice cream, and now they're spitting it out. It defies common sense, and I'll let the public decide what's going on here.

The Chair (Mr. Bob Delaney): Further discussion? Ms. Forster.

Ms. Cindy Forster: Well, I would just like to get on the record about what these kind of four groups of employees who have the right to go to arbitration deal with every day. These are employees who go to work knowing that they're probably going to either contract some kind of infectious or deadly disease if they happen

to be a nurse or a paramedic, such as during SARS here in the province—or C. difficile outbreaks or MRSA outbreaks—or perhaps firefighters who know that at some time in their career—I think I spoke to this last week in the House; firefighters are very likely to contract one of many cancers here in this province when they're doing their firefighting work. One that I actually lost in the past two weeks is a 39-year veteran in my riding. Police officers, who go out every day and may end up being shot or stabbed in the line of duty, and paramedics as well.

These are employees that go to work every day knowing that something may well happen to them, unlike many employees who go to work every day and can expect to be safe and get home at the end of their shift.

The Chair (Mr. Bob Delaney): Thank you. Mr. Shurman.

Mr. Peter Shurman: I listened as my colleague Mr. Naqvi talked to me about, we gave them chocolate ice cream and now they want to spit it back out. I want to tell you something: For a parliamentary assistant of a finance minister who has consistently lied to the—

The Chair (Mr. Bob Delaney): Okay. I'm going to put my gavel down on that. I thought the original comment was borderline, but I would like now to ask everybody to take a deep breath. Leave the people out of it. If you want to take on the proposal, take on the proposal, but please, let's just leave the people out of it and talk about what the proposal is.

Mr. Peter Shurman: Fine, then I'll talk about the proposal. On the chocolate ice cream comment: The issue here was that consistently our party has been accused of not bringing anything to the table, of never having read the budget, of voting no blindly from day one. You can see the amendments, the detail that is inherent in the amendments that we've put forward and the kind of discussion that we've had. Not only have we read the budget very carefully, we've put proposals forward.

One of the proposals put forward had to do with addressing arbitration in the province of Ontario in a meaningful way, in a timely way and in a way that took into account the situation, and I would say the crisis situation, that we're in in Ontario. That discussion was first held with the finance minister in the presence of the member opposite me, Mr. Naqvi, in the boardroom of the finance ministry building back in November, so they're well aware that we talked about that.

It's not as if anybody served up chocolate ice cream and it's being spit back out; quite the contrary, what we're seeing here is not only a vain attempt to put forward arbitration reform but now a recanting of that and a lengthening of the process to make it even worse. That's the reason why we're against it. I'm on the record with this by way of letting everybody who was witness to these proceedings know—because they're public—that the bottom line is that this finance minister and this government do not want to move forward with arbitration reform that is meaningful, and that's the reason for my party's position.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Twenty-minute recess?

The Chair (Mr. Bob Delaney): A 20-minute recess having been requested, that is gladly granted.

The committee recessed from 1408 to 1427.

The Chair (Mr. Bob Delaney): We are now at the vote on schedule 22.

Mr. Yasir Naqvi: Recorded vote, Chair.

Yases

Naqvi, Piruzza, Wong.

Nays

Fedeli, Forster, McNaughton, Prue, Shurman.

The Chair (Mr. Bob Delaney): I declare the schedule lost.

We'll now begin our consideration of schedule 23. There are no amendments proposed for schedule 23, sections 1 through 11, inclusive. Permission to consider sections 1 through 11, inclusive, of schedule 23? Okay. Shall sections 1 through 11 of schedule 23 carry? In my opinion, the sections carry.

In your package, at number 97, is a PC motion dealing with schedule 23, section 12. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 60.1 of the Fish and Wildlife Conservation Act, 1997, as set out in section 12 of schedule 23 to the bill, be amended by adding the following subsections:

“Performance agreement

“(9) If the minister delegates powers under subsection (1), the minister and the delegate shall enter into a performance agreement setting out measurable performance goals and objectives for the delegate.

“Annual performance assessment

“(10) Every year, the delegate shall prepare a performance assessment demonstrating that the performance goals and objectives set out in the performance agreement are being met.

“Failure to meet performance goals, etc.

“(11) If the minister believes that a delegate has failed to meet the performance goals and objectives set out in the performance agreement, the minister shall give the delegate written notice of his belief and require that the delegate fulfill the requirements of the performance agreement within such time period as may be specified in the notice.

“Failure to comply

“(12) If a delegate fails to comply with a notice given under subsection (11), the minister may terminate the performance agreement and revoke the delegation made under subsection (1).”

The Chair (Mr. Bob Delaney): Thank you. Any discussion? There being no discussion, shall the amendment carry? Carried.

Shall schedule 23, section 12, as amended, carry? In my opinion, the section carries.

Sections 13 and 14 of schedule 23 contain no proposed amendments. That said, the next PC motion at 98 would be a proposal for a new section, so we're going to consider the existing sections 13 and 14 with no amendments. Permission to consider those together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 23, sections 13 and 14, carry? In my opinion, the sections carry.

In your package, at number 98, is a PC motion. Mr. Shurman.

Mr. Peter Shurman: I move that schedule 23 to the bill be amended by adding the following section:

“14.1 The act is amended by adding the following section:

“Bill 55—Strong Action for Ontario Act (Budget Measures), 2012

“114.1(1) This section applies only if Bill 55 (Strong Action for Ontario Act (Budget Measures), 2012) receives royal assent.

“References

“(2) References in this section to schedules and provisions of Bill 55 are references to those schedules and provisions that were numbered in the first reading version of the bill.

“Review by Environmental Commissioner

“(3) The Environmental Commissioner appointed under the Environmental Bill of Rights, 1993 shall review the amendments to this act set out in schedule 23 to Bill 55 to determine if the amendments constitute proposals that could have significant effect on the environment and should be subject to the procedures set out in the Environmental Bill of Rights, 1993.

“Special report

“(4) At the end of a review conducted under subsection (3), the Environmental Commissioner shall prepare a report on the review and present the report to the Speaker of the assembly and the Speaker shall lay the report before the assembly as soon as reasonably possible.”

The Chair (Mr. Bob Delaney): Thank you. This amendment attempts to indirectly amend the Environmental Bill of Rights, an act that is not open in the bill. I therefore rule the amendment out of order.

Mr. Peter Shurman: That's life.

The Chair (Mr. Bob Delaney): Shall schedule 23, section—oh, no, that doesn't carry. Sorry. Withdrawn—I'm sorry—or ignore, whatever.

We are now considering schedule 23, section 15. We have a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 15 of schedule 23 to the bill be struck out and the following substituted:

“Commencement

“15(1) Subject to subsection (2), this schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.

“Same

“(2) Sections 1 to 14 come into force on a day to be named by proclamation of the Lieutenant Governor.”

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Our recommendation is to vote against this motion. This proposed motion will result in implementation delays that will reduce the government's ability to find savings immediately. The delay would create uncertainty regarding when the proposed related changes in the budget bill will come into force, if at all.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: Our proposed amendment gives a date when the act will come into effect. It does not permit the government to let the act sit with the executive council. Decision is by the Lieutenant Governor.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? As is the convention, in the event of a tie vote, the Chair will vote in favour of keeping the schedule in its existing form, so therefore I declare the amendment lost.

Mr. Peter Shurman: Can I have a five-minute recess?

The Chair (Mr. Bob Delaney): I haven't called the question yet, but yes, you can.

We're now considering schedule 23, section 15.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, before you call a vote, I'd like to make a statement about the schedule, please.

Interjection.

Mr. Yasir Naqvi: You're doing section—

The Chair (Mr. Bob Delaney): We're still doing section 15, not the whole schedule.

Mr. Yasir Naqvi: I'm just so paranoid about it now.

The Chair (Mr. Bob Delaney): We've gone nice and slow, deliberately and step by step. I won't miss you.

Mr. Yasir Naqvi: You're doing a fantastic job, Chair.

The Chair (Mr. Bob Delaney): All right. So everybody understands, at the moment we are considering the unamended schedule 23, section 15. Shall schedule 23, section 15, carry? In my opinion, the section carries.

We're now ready to consider schedule 23. There's a notice here from the NDP. Mr. Prue, do you wish to speak to it?

Mr. Michael Prue: Just very briefly: It had been our hope that this might have been put under the Environmental Bill of Rights as opposed to being dealt with in the budget. We don't think this is the appropriate place for this to be, but it is here.

We had recommended voting against it, but our leader, Andrea Horwath, wrote to the Premier this morning and said that we would not block the passage of any of those portions of the budget bill, save and except those dealing with arbitration, where we intended to vote no. Therefore, I would ask that you ignore notice 100.

The Chair (Mr. Bob Delaney): So it's an ignore with an asterisk. Okay.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: If I can speak to schedule 23?

The Chair (Mr. Bob Delaney): Mr. Naqvi, go ahead.

Mr. Yasir Naqvi: The government will be supporting this particular schedule. I state that in light of the vote that took place on schedule 19, the Endangered Species Act, where the government voted against that particular schedule, I wanted to take this opportunity to explain why that happened. A very simple reason, the reason that we chose to vote against schedule 19, the Endangered Species Act, is because the Premier, as you may know, wrote to the leader of the third party on June 17, where he clearly stated his intent to reintroduce schedule 19 by way of a separate bill in the fall session. The Premier is a man of his word and he wanted to ensure that what he stated in the letter dated June 17 is true to the spirit and that he complies by his own word, and therefore we on the government side chose to vote against that schedule. I just want to have that on the record.

We believe these amendments are necessary to make our government fiscally sound and to bring about much-needed cost savings that will contribute to eliminating the deficit. We will be voting in support of schedule 23, but in the case of schedule 29, we wanted to make sure and the Premier wanted to make sure that the word he gave to the leader of the third party in the letter dated June 17, 2012, is actually put in its true intent and true spirit, and thus our decision at that time to vote against schedule 19.

The Chair (Mr. Bob Delaney): Just before we go to Mr. Shurman, who also wants to make a comment, I've granted you a little bit of latitude there. This is convoluted and complex enough. When we're discussing either a section or a schedule, to the limit of your ability, please try to direct your comments to that section or schedule.

No comment, Mr. Shurman?

Mr. Peter Shurman: No. I'd like five minutes, though.

The Chair (Mr. Bob Delaney): A five-minute recess prior to the vote on schedule 23—

Interjection.

The Chair (Mr. Bob Delaney): Is there further debate before we grant a recess prior to the vote?

We are in recess until 15 minutes before 3.

The committee recessed from 1441 to 1447.

The Chair (Mr. Bob Delaney): We are now ready to take the vote on schedule 23, as amended. Shall schedule 23, as amended, carry? Carried.

We are now moving into consideration of schedule 24. There are no amendments proposed for sections 1 to 3 of schedule 24. Permission to consider sections 1 to 3 currently?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 to 3 of schedule 24 carry? In my opinion, the sections carry.

Shall schedule 24 carry? In my opinion, the schedule carries.

We'll consider schedule 25. There are two sections, with no proposed amendments. Permission to consider them both together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 of schedule 25 carry? In my opinion, the sections carry.

Shall schedule 25 carry? In my opinion, the schedule carries.

We're considering schedule 26. There are two sections, with no amendments proposed. Consider them both together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 of schedule 26 carry? In my opinion, the sections carry.

Shall schedule 26 carry? In my opinion, the schedule carries.

We're considering schedule 27. In schedule 27, there are no proposed amendments to sections 1 to 3, inclusive. Consider all three sections together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 to 3, inclusive, of schedule 27 carry? In my opinion, the sections carry.

Shall schedule 27 carry? In my opinion, the schedule carries.

We are now considering schedule 28. We're looking at section 1 of schedule 28, government motion, numbered 101 in your packages. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the definition of "Ontario government services" in subsection 1(1) of schedule 28 to the bill be struck out.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: This motion would amend the definitions section of the schedule by striking out the term "Ontario government services." The government has proposed several motions in schedule 28 which clarifies the intent of the legislation, which is only in regards to modernizing ServiceOntario. These amendments clarify the scope of the schedule is limited to ServiceOntario and related functions.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Peter Shurman: A 20-minute recess.

The Chair (Mr. Bob Delaney): I haven't called the vote yet. Any discussion? All right.

Prior to the vote, Mr. Shurman has requested a 20-minute recess. We will reconvene at 10 minutes after 3.

The committee recessed from 1452 to 1512.

The Chair (Mr. Bob Delaney): Welcome back. Where we are right now is we are considering government motion number 101 in your package, dealing with schedule 28, section 1, and we are at the vote part.

Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

In your packages, number 102: It will be a government motion. That will be Ms. Wong.

Ms. Soo Wong: I move that subsection 1(1) of schedule 28 to the bill be amended by adding the following definition:

"ServiceOntario services" means the services referred to in subsections 3(1) and (2);"

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, this motion would amend the definitions section of the schedule by adding the term “ServiceOntario services.”

The Chair (Mr. Bob Delaney): Further discussion? Mr. Shurman.

Mr. Peter Shurman: I think it’s important to go on record here—because this pertains not only to this particular element of schedule 28 but to many elements of schedule 28—that the Progressive Conservative Party opposes the idea of any limitation to ServiceOntario. We actually find ourselves quite supportive of section 28, unamended, as it was originally presented in Bill 55, and we want that to be clear.

The Chair (Mr. Bob Delaney): Okay. Further discussion?

Shall the amendment carry? In my opinion, the amendment carries.

Shall schedule 28, section 1, as amended, carry? In my opinion, the section carries.

Mr. Peter Shurman: I should have asked for a recorded vote, Chair, and I know it’s too late, but I will in the future, so please be mindful of that.

The Chair (Mr. Bob Delaney): We’re considering schedule 28, section 2, in your packages at number 103, a government motion: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the heading to part II of the Government Services and Service Providers Act, 2012, as set out in schedule 28 to the bill, be amended by striking out “Ontario Government Services” and substituting “ServiceOntario Services”.

The Chair (Mr. Bob Delaney): Thank you. Legislative drafters insert headings throughout the text to assist the reader. Such headings are not considered to be part of the bill and are not subject to amendments. I therefore rule the amendment out of order.

In your packages, number 104: government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 2(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “ServiceOntario services”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, it’s fairly self-explanatory. We’re replacing the phrase “Ontario government services” in subsection 2(1), with this motion, and replacing it with the phrase “ServiceOntario services.”

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mr. Peter Shurman: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your package, number 105: government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 2(2) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “ServiceOntario services”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Again, it’s just replacing the phrase “Ontario government services” with the phrase “ServiceOntario services” through this proposed amendment.

The Chair (Mr. Bob Delaney): Further discussion? We’ll call for the vote. Shall the amendment carry? All those in favour—

Mr. Monte McNaughton: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your package at 106, NDP motion. Mr. Prue.

Mr. Michael Prue: I move that section 2 of schedule 28 to the bill be amended by adding the following subsection:

“Review of proposed service agreements

“(3.1) The minister cannot enter into an agreement authorized under subsection (1) and a Part V corporation without share capital cannot enter into an agreement authorized under subsection (2) until the proposed agreement has been reviewed under section 3.1 and has been approved either by the Auditor General or by the assembly.”

The Chair (Mr. Bob Delaney): Discussion?

Mr. Michael Prue: If I can explain: First of all, I would take the members back to schedule 16, where an almost identical wording was used and adopted. This is intended that the Auditor General look at any proposed authorization under subsection (1) to determine whether or not it is in the interest of the assembly and the people of Ontario before we proceed.

We have moved this, and moved it as well in schedule 16, because we are very mindful of things like Ornge. If you look at the problems that the Legislature has found itself in, it’s by moving too quickly without doing cost-benefit analysis, without having oversight from the officers of the Legislature and without having transparency. You find yourself adopting procedures or setting up corporations which end up not being in the public interest and which end up costing the province of Ontario and the citizens hundreds of millions of dollars.

We think that before this action is taken, it behooves us to have some sober second thought, and who is trusted more around the Legislature than the Auditor General it is difficult to say. We think that the Auditor General should be called in to look at these types of developments, if and when they are being proposed, before we enter into them and before we commit the province's money and the people of Ontario's—potential lessening of what they have.

1520

We're asking quite simply that this be approved so that it is consistent with what we are doing in every other government department by way of schedule 16.

The Chair (Mr. Bob Delaney): In terms of the requests for both sober second thought and consistency, while we were having this discussion, the legislative legal counsel pointed out that this proposed amendment depends upon the disposition of item number 112 in your packages, so the Chair regrets having been a half step ahead of legislative counsel. May I have unanimous consent to just stand this one down until we've reviewed number 112 and then to return to it?

Interjection: Agreed.

Mr. Michael Prue: Absolutely.

The Chair (Mr. Bob Delaney): Thank you. Let us then move on to number 107 in your packages, which is a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 2(6) of schedule 28 to the bill be amended,

(a) by striking out "the provision of Ontario government services" and substituting "the provision of ServiceOntario services"; and

(b) by striking out "whether or not those services are Ontario government services" and substituting "whether or not those services are ServiceOntario services".

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Again, it's very clear that what we're doing is ensuring that schedule 28 does not apply, broadly speaking, to Ontario government services but more specifically to ServiceOntario services.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mr. Monte McNaughton: Recorded vote, please.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

As we have yet to consider the NDP motion numbered 106, may I have unanimous consent to stand down consideration of schedule 28, section 2, until we're able to return to the consideration of number 106 in your pack-

age, and we're going to have to go down to number 112 before we get to that. Agreed?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Thank you. We'll move then to the consideration of schedule 28, section 3, number 108 in your package. A government motion: Ms. Piruzza.

Ms. Teresa Piruzza: I move that section 3 of schedule 28 to the bill be amended by adding the following subsection:

"General services to the public

"(2.1) Regulations under subsections (1) and (2) may relate to the following types of general services to the public:

"1. Providing information and responding to queries about programs and services provided by the Ontario government.

"2. Receiving applications, payments and deliveries for programs and services provided by the Ontario government, and forwarding them to the appropriate department."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: This motion would amend section 3 by adding a new subsection that describes the general services that a service provider may be assigned by regulation under the schedule.

Paragraph 1 would authorize a service provider to provide general information services to the public about Ontario government programs and services.

Paragraph 2 would permit a service provider to accept applications, payments and other information and send the documents to the appropriate department in the Ontario government.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry?

Mr. Peter Shurman: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your package at number 109, an NDP amendment. Mr. Bisson.

Mr. Gilles Bisson: I move that section 3 of schedule 28 to the bill be amended by adding the following subsection—

The Chair (Mr. Bob Delaney): Mr. Bisson, you can't move amendments.

Mr. Gilles Bisson: I know. I figured that, but I thought I try. It's a very important amendment, and as a good northerner, I wanted to be here for it. You can't blame a guy for trying.

The Chair (Mr. Bob Delaney): On the other hand, as a valued member of your team, Ms. Forster can move amendments.

Mr. Gilles Bisson: Oh, she's very good too.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: I move that section 3 of schedule 28 to the bill be amended by adding the following subsection:

"Exclusion

"(2.2) A regulation under subsection (1) or (2) cannot require or authorize a person or entity to provide services on behalf of the Ontario Northland Transportation Commission."

Mr. Gilles Bisson: If I could speak to it?

The Chair (Mr. Bob Delaney): Discussion? Mr. Bisson.

Mr. Gilles Bisson: Well, the motion is pretty simple. We're asking the committee to give us the consent to be able to allow that motion to go forward, because we think that the ONTC is an important entity to northern Ontario, and at the very least, there should be a vote in the Legislature in order to allow that particular privatization initiative to go forward. With that, I would ask for unanimous consent to allow this motion to stand.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Our recommendation is to vote against this motion, because it's irrelevant and unnecessary in light of the fact that the government has tabled a series of amendments to schedule 28, which we are methodically right now going through, which limit the scope of the services that may be assigned under the act and that are provided only by ServiceOntario, which is not one of the services that includes ONTC. So our assertion is that this particular motion is irrelevant and unnecessary and is not needed within this legislation or this schedule.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Chair. I appreciate the opportunity to speak.

At home, I have said from day one that I oppose this NDP-backed Liberal fire sale of Ontario Northland—

The Chair (Mr. Bob Delaney): Okay. I just want to ask you again—I know some of these things are things that are close to our hearts, but in the context of our consideration of the bill, can we stick to the content of the bill?

Mr. Victor Fedeli: Of course, Chair. I appreciate that. I was just trying to be consistent in my wording.

While I have opposed the fire sale, if that's not too harsh a terminology, of Ontario Northland, I know our labour unions have wanted to hold the status quo. For nine weeks now, I have studied by meeting with the northern development and mines minister, I have met with Infrastructure Ontario—the people who are in charge of this fire sale of Ontario Northland—I have met with Ontario Northland's chair, I have met with executives of Ontario Northland, and over the course of time, I've found four things:

(1) The cost of the unfunded pension fund is to be somewhere over \$100 million—everybody agrees with the \$100-million number; some say it's as high as \$200 million. The latest annual report, which is a couple of years old, says \$100 million—somewhere in the \$150-million range, the unfunded pension fund alone.

(2) We've found that there are environmental liabilities. Ontario Northland is a 110-year-old railway, as well as many other services through the north, but they have had derailments in the past over the 110 years—as recently as only two years ago—and so there are significant environmental liabilities at a cost that even the minister could not calculate for us.

There is also the promise by the minister, agreed to just the other day in a one-on-one meeting, of guaranteeing to provide valuable rail service to the First Nations from Cochrane to Moosonee. No matter whether it's run by Ontario Northland or another party, they guarantee that service in and around the \$10-million range.

1530

Finally, they guarantee the bus to the outlying communities. It's easy to make money—I'm sure it's not easy, but it's practical to make money on a Sudbury-Toronto route or a Timmins-North Bay-Toronto route. But it's these spokes; the small, outlying communities. So the government has guaranteed that. They could not tell us how many millions that that added up to.

In my nine weeks of research I have determined that there are no savings to the government. They have said all along that the reason for the fire sale of Ontario Northland is to save money. But I have proven, I believe, beyond any doubt, to the minister and to Infrastructure Ontario that there are no savings. Nonetheless, everybody in our community and all the way up the line believes that things need to change at Ontario Northland. We cannot continue down the path we're on. All of the mayors along the line, all of the stakeholders—and I'll be quite frank: Had the government met with any of these people before their surprise announcement, they would have learned how important the service is all the way up and down the line.

I have provided schedule 51.1 on page 175 that does exactly what all of the mayors, all of the chambers of commerce, all of the stakeholders and a good chunk of the employees actually who have been into my office and said, "Vic, we know it cannot remain the way it is. We need to have Ontario Northland change. We need to know." So I have put in restrictions when the commission can exercise their authority.

At the end of the whole program, it's all about trying to get to an Ontario Northland that can survive tomorrow. Following this section 3(2.2) is not going to get us there. My amendment 51.1 will do exactly what all of the community, all of the entire north has been begging for, and that's the amendment that I will support.

The Chair (Mr. Bob Delaney): Mr. Bisson.

Mr. Gilles Bisson: Fair-weather friends are not needed in northern Ontario, and that's what I accuse you of being. The people—

The Chair (Mr. Bob Delaney): I'd like to remind you to please address things through the Chair. Let's just keep it dispassionate.

Mr. Gilles Bisson: I will come to order. I will be very calm and deliberate about what I have to say.

What this amendment simply does is to say that the government can't outsource the work at the ONTC. It's something that our party believes is important, that we should not be outsourcing the work of workers at the ONTC and, I would argue, many other public workplaces because we think that's wrong for a number of reasons. This amendment would allow, if passed, to have a guarantee that the government would not be able to outsource the work at the ONTC.

I would ask my good friend, Mr. Fedeli, and the Conservatives to support us on this amendment and be counted as supporting the workers and the communities of northeastern Ontario by voting in the affirmative. If they don't, then they're telling a different story.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I'll raise a point of order on the grounds that this particular motion is out of order, out of scope in the discussion that we're having.

The Ontario Northland Transportation Commission was established pursuant to the Ontario Northland Transportation Commission Act; the services provided by the commission are dealt with in accordance with the provisions of that act. There are no provisions in the budget bill with respect to the Ontario Northland Transportation Commission Act, the Ontario Northland Transportation Commission or any of the real property owned or leased by the Ontario Northland Transportation Commission. As a result, Chair, it's my assertion that the amendment is beyond the scope of the budget bill and is therefore out of order, consistent with previous rulings that you have made in relation to the Environmental Bill of Rights being affected by some of the amendments that have been suggested before and you have ruled them out of order.

The Chair (Mr. Bob Delaney): As Mr. Naqvi has raised a point of order which would require the Chair to consult with legal counsel, this committee is in recess.

The committee recessed from 1534 to 1542.

The Chair (Mr. Bob Delaney): Well, thank you very much, and also for the brief recess to confer with legislative legal counsel.

The new act in schedule 28 authorizes services under Ontario legislation to be provided by others. The services provided by the Ontario Northland Transportation Commission is an example of the kinds of services that may be provided by others.

This amendment is not attempting to indirectly amend the Ontario Northland Transportation Commission Act and it is, therefore, in order.

Mr. Gilles Bisson: Recorded vote, please.

The Chair (Mr. Bob Delaney): Further debate?

Ms. Cindy Forster: Recorded vote, please.

The Chair (Mr. Bob Delaney): I haven't come to the vote yet. Mr. Fedeli?

Mr. Victor Fedeli: Again, I am asking for support on schedule 51.1 because, in my belief, this schedule 28, subsection 3(2.2), does nothing—

The Chair (Mr. Bob Delaney): Are you addressing this particular motion?

Mr. Victor Fedeli: Yes. I just read the motion. Subsection 3(2.2) does nothing to achieve the goal that the community is looking for. In fact, this will not indeed provide the service that the north is asking for. When Ontario Northland Transportation Commission is divested, this motion then becomes worthless.

The Chair (Mr. Bob Delaney): Okay. Further debate? Mr. Prue.

Mr. Gilles Bisson: I vehemently disagree. This is—

The Chair (Mr. Bob Delaney): I'm sorry. I recognized Mr. Prue.

Mr. Gilles Bisson: Oh, sorry.

Mr. Michael Prue: I'm just wondering. The member from Nipissing—I mean, this is in part talking about successor rights. This is what I understand this to be. It is ensuring that, if and when the government chooses to sell off Ontario Northland, the successor rights are vested with the employees. That is, when somebody buys, or if somebody buys, all or a part of Ontario Northland, they have to take it along with their employees, who would keep their jobs and perhaps their pensions and other things. I would take it you're opposed to that.

The Chair (Mr. Bob Delaney): You'll have to address all of those through the Chair, please.

Mr. Michael Prue: I would assume that the member from Nipissing is opposed to that.

The Chair (Mr. Bob Delaney): Okay. Further debate?

Mr. Bisson, did you want to make a comment?

Mr. Gilles Bisson: No, that's fine.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Chair. I disagree that this schedule 28, subsection 3(2.2), accomplishes that.

The Chair (Mr. Bob Delaney): Any further debate?

Mr. Michael Prue: Recorded vote.

Ayes

Forster, Prue.

Nays

McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

In your packages, at number 110: government amendment. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 3 of schedule 28 to the bill be amended by adding the following subsection:

"Services re Ontario government programs

"(2.2) Regulations under subsections (1) and (2) may relate to the following types of services provided under a statute or in connection with an Ontario government program:

"1. Processing applications, registrations, filings and payments.

"2. Issuing licences and other forms of permission.

"3. Providing documents and information.

"4. Undertaking administrative activities related to these services."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Thanks, Chair. This motion will amend section 3 by adding another subsection describing the general nature of the Ontario government services that may be assigned to a service provider under the proposed act.

For example, under the proposed subsection, a service provider could be authorized to accept and process an application for a licence and issue the licence in accordance with the criteria established by the relevant government ministry. The service provider could also be authorized to undertake administrative activities in connection with issuing a licence, such as updating a ministry licence database or mailing the licence when produced.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry?

Mr. Monte McNaughton: Recorded vote, please.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

The clerk has identified NDP motion at number 111 in your package as also dependent on number 112, so I'd like to request unanimous consent to stand down the section until we've considered number 112 in your package. Agreed? Agreed. Thank you.

So we are now at number 112 in your package. This is a new section, schedule 28, section 3.1, NDP amendment: Ms. Forster.

Ms. Cindy Forster: I move that schedule 28 to the bill be amended by adding the following section:

"Review of proposed service agreements and proposed regulations

"3.1(1) A proposed agreement referred to in subsection 2(1) or (2) or a proposed regulation referred to in subsection 3(1), (2) or (3) must be submitted to the Office of the Auditor General for review.

"Review by Auditor General

"(2) The Auditor General shall review the proposed agreement or proposed regulation to determine whether,

in his or her opinion, it is likely to have a significant impact having regard to,

"(a) fiscal, economic and environmental factors;

"(b) such other matters as may be prescribed by regulation; and

"(c) the potential impact, if any, of subsection 26(2), (3), (4), (5) or 27(2), (3) or (4).

"Role of others

"(3) When conducting a review, the Auditor General may request the participation and advice of such other persons appointed on the address of the assembly as the Auditor General considers appropriate in the circumstances.

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"Additional information

"(4) The minister or official who submits the proposed agreement or proposed regulation for review shall promptly give the Auditor General such additional information and documents as the Auditor General or a person referred to in subsection (3) may request.

"Results of review by Auditor General

"(5) The Auditor General shall approve the proposed agreement or proposed regulation unless, in his or her opinion, it is likely to have a significant impact as determined during the review. In that case, the Auditor General shall decline to approve the proposed agreement or proposed regulation.

"Same

"(6) The decision of the Auditor General is final.

"Notice of results

"(7) Within 90 days after receiving the proposed agreement or proposed regulation for review, or within such longer period as may be authorized under subsection (9), the Office of the Auditor General shall notify the following persons of the results of the review:

"1. The minister or official who submitted the proposed agreement or proposed regulation for review.

"2. The Clerk of the Assembly.

"Same

"(8) The notice must include the reasons for the Auditor General's decision and may include such other information as the Auditor General considers appropriate.

"Extension of deadline

"(9) The Auditor General may extend the period within which the notice must be given for further periods of 90 days if, in his or her opinion, the extension is necessary because of the complexity of the proposed agreement or proposed regulation or because of other circumstances.

"Same

"(10) If the notice period is extended, the Office of the Auditor General shall promptly notify the persons listed in subsection (7).

"Deemed approval by Auditor General

"(11) If the notice is not given before the notice period expires, the Auditor General is deemed to have approved the proposed agreement or proposed regulation.

"Review by standing committee

"(12) If the Auditor General declines to approve the proposed agreement or proposed regulation, it stands referred to the Standing Committee on Public Accounts for consideration.

"Approval of the assembly

"(13) The assembly may indicate its approval of a proposed agreement or proposed regulation by means of a resolution.

"Notice of assembly decision

"(14) If the assembly approves proposed agreement or proposed regulation, the Clerk of the Assembly shall notify the minister.

"Public registry of proposals, notices

"(15) The Auditor General shall maintain a public registry of the following information and documents, each of which must be promptly posted on the registry:

"1. Proposed agreements and proposed regulations submitted for review under this section.

"2. Any notice under subsection (9) extending the deadline for the review.

"3. The notice, if any, from the Auditor General following the review.

"4. Such other information as the Auditor General considers appropriate.

"Annual report

"(16) Each year, the Auditor General shall report to the Speaker about such matters as the Auditor General considers appropriate relating to his or her powers and duties under this act.

"Special report

"(17) The Auditor General may make a special report to the Speaker at any time on any matter that in the opinion of the Auditor General should not be deferred until the annual report.

"Tabling of reports

"(18) The Speaker shall lay each annual report or special report before the assembly at the earliest reasonable opportunity."

The Chair (Mr. Bob Delaney): Thank you.

Mr. Michael Prue: On a point of order, Mr. Chair: There was an error, not made by my colleague Ms. Forster but in the body under "Results of review by Auditor General," subsection (5). I am almost positive in the second line that it should read, "unless, in his or her opinion," and it says "is." The hard copy should be amended.

The Chair (Mr. Bob Delaney): The clerk has caught that as well. So noted.

Okay, discussion. Mr. Prue.

Mr. Michael Prue: Yes, if I could, and I started to discuss this in terms of motion number 106 earlier. This is an almost identical motion to one found in schedule 16 which was approved by this committee earlier this week. It sets out how the Auditor General is to conduct himself or herself in terms of any proposed privatization or any set-up of a new committee in order to make sure that the people of Ontario are getting the best possible deal in terms of looking at the amounts of money to be spent, whether or not it's economically sound or valid. The

auditor may call in whatever other person or persons, such as the privacy commissioner or the Ombudsman, if there is an impact there.

We think it is a normal and rational thing to do in light of what has happened at Ornge, and I know my colleagues from the Progressive Conservative Party stand up every day in the House and talk about how Ornge has failed the people of Ontario. This resolution, if it passes, will make sure that there will be no more Ornges in Ontario—at least, not any that were set up without public scrutiny and foresight.

We are asking the members of this committee to vote in a similar fashion to what they did just on the last occasion, because the circumstances at ServiceOntario are no different than the circumstances in all the other government departments that were held under the ambit of schedule 16.

It seems to me normal and rational that if you are going to divest yourself of services, if you are going to look at other alternatives to service delivery, that it be done with a mind of looking at the financial statements in knowing in advance whether money will be made or lost. That has been the problem in privatizations and other things in the past. It always comes along, and government always come along with how much money is going to be saved, but in the end, it's usually how much money it's going to cost, and the auditor will give us an unbiased view of what is really going to happen.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I'm going to present three arguments in opposition to this motion. The letter to the Chair will speak to the scope of this motion and may require a ruling from you.

Point one: This provision would place the Auditor General in conflict with his or her responsibilities as the auditor of the government. The Auditor General is an independent officer of the assembly and is responsible for auditing the administrative operations of government and reporting his or her findings to the Legislature. If this amendment were to pass, the auditor would be placed in a position where he or she is required to review and exercise significant discretion to approve decisions of the executive branch of the government. The auditor would now be involved directly in the administration of government.

Moreover, the services that would be assigned to a service provider under regulation approved by the auditor are matters that the auditor may audit in future. Accordingly, the auditor's prior approval of service agreements or regulations would conflict with his or her responsibilities to subsequently audit the government's controls and governance of a service provider.

Similarly, the approval of service agreements or regulations by the assembly would require a great deal of legislative time and resources to review. Such a review is inconsistent with the role of the assembly, which is to make legislative decisions and not to administer the oper-

ations of government. That has traditionally been the role of the executive branch.

Those are some of my earlier arguments, as a recommendation to the other members of the committee to vote against schedule 28, motion 112.

In terms of scope, I would argue that this amendment indirectly opens up yet again another act, which is the Auditor General Act, which is beyond the scope of the schedules or statutes that we are considering in Bill 55. So I would ask that you consider whether this particular provision is appropriately listed here or to be entertained by the committee.

Furthermore, secondly, what I will argue to you, Chair, is the proposed provisions are all out of the scope of schedule 28 in terms of proposing concepts that are not currently contemplated in the schedule: the concept of a review by officers of the Legislative Assembly. Amendments cannot import matters which are not addressed in the bill; they can only refine what is already there.

1600

This particular schedule, as we are going through various motions and various sections, as you know, is looking at the future modernization of ServiceOntario. It's looking at public-private relationships that may be contemplated as they relate to ServiceOntario and not the kind of provision that has been outlined in motion 112 in terms of creating a whole new mechanism or scheme around auditor oversight or legislative oversight.

So, Chair, I present this to you as a point of order, and elicit your ruling on the scope of the provision in this motion.

Mr. Michael Prue: On the same point of order.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: Yes. The entire motion in schedule 16 went before the committee, and it was approved not only by the Chair but by legal counsel. So I don't know where your arguments are suddenly coming from since it's already been vetted and approved by legal counsel. I hardly think that what you're saying is correct.

The Chair (Mr. Bob Delaney): The Chair has in fact had an opportunity to review this with both the clerk in terms of noting that a similar motion has been moved and approved, and this motion is in order in the sense that it wasn't challenged.

Further discussion? Okay. We're looking at number 112, schedule 28, section 3.1. Shall the amendment carry?

Mr. Michael Prue: On a recorded vote, please.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

We are now able to revert back to schedule 28, section 2. We are considering number 106 in your package. This is an NDP motion which was previously read by Mr. Prue and has been moved. So, given that the motion proposed by the NDP in number 112 was lost, and this motion refers to a section that has been lost, I must therefore rule this motion out of order.

Shall schedule 28, section 2, as amended, carry? All those in favour? All those opposed? In my opinion, the section carries.

We can now revert back to our consideration of schedule 28, section 3. We had to stand down motion number 111, which we can now consider. Mr. Prue.

Mr. Michael Prue: Is it not dependent?

The Chair (Mr. Bob Delaney): You can either move it or withdraw it. If you move it, it'll be out of order. If you withdraw it, you don't have to read it.

Mr. Victor Fedeli: Is this another "ignore"?

Mr. Michael Prue: No, I'll read it into the record, and then you can do with it as you wish.

The Chair (Mr. Bob Delaney): Okay.

Mr. Michael Prue: I move that section 3 of schedule 28 to the bill be amended by adding the following subsections:

"Review of proposed regulations

"(3.1) The Lieutenant Governor in Council cannot make a regulation referred to in subsection (1), (2) or (3) until the proposed regulation has been reviewed under section 3.1 and has been approved either by the Auditor General or by the assembly."

The Chair (Mr. Bob Delaney): And as previously discussed, as the motion refers to a section that has been lost, it is therefore out of order.

Shall schedule 28, section 3, as amended, carry? In my opinion, the section carries. By the way, just in case you're keeping score, we are just over half done.

We're now at number 113 in your package. This is a new section, a motion by the NDP: Ms. Forster.

Ms. Cindy Forster: I move that schedule 28 to the bill be amended by adding the following section:

"Special investigators and supervisors

"Special investigators

"3.2(1) The Lieutenant Governor in Council may appoint one or more persons as special investigators to investigate and report on the activities of any part V service provider that has entered into a service agreement described in section 2, if the Lieutenant Governor in Council considers it in the public interest to do so.

"Powers of special investigator

"(2) A special investigator has the powers specified by the Lieutenant Governor in Council.

"Obstruction

"(3) No person shall obstruct a special investigator or withhold or destroy, conceal or refuse to furnish any information or thing required by the special investigator for the purposes of the investigation.

"Supervisor

"(4) The Lieutenant Governor in Council may appoint a person to be the supervisor of a part V service provider that has entered into a service agreement described in section 2, if the Lieutenant Governor in Council considers it in the public interest to do so.

"Powers of the supervisor

"(5) Unless the appointment provides otherwise, the supervisor has the exclusive right to exercise all of the powers of the board of directors of the part V service provider.

"Saving

"(6) This section does not limit the authority of the Lieutenant Governor in Council to impose conditions and restrictions under a service agreement described in section 2."

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, our recommendation is to vote against this proposed motion. These provisions are similar to provisions, for example, in the Ministry of Health and Long-Term Care-administrated legislation that provide for the appointment of investigators and supervisors of public hospitals. The proposed motion addresses matters that may be dealt with under the existing provisions of the schedule. The special investigator provisions are similar to audit provisions that the government may include in a service agreement with a part V service provider.

In terms of the supervisor, this provision is not necessary in circumstances where the government controls appointments to the board of directors and may remove directors. In the case of a private corporation, the proposed appointment of a supervisor to take control of the company is inconsistent with corporate law and governance and the fact that shareholders elect board members.

Notably, the government could, in a service agreement with a private corporation established under part V of the act, require audits and take away the corporation's rights under an agreement to provide government services. If schedule 28 is enacted, the government would also have power to revoke a regulation assigning services and terminate agreements with service providers.

The Chair (Mr. Bob Delaney): Thank you. Further discussion? Mr. Prue.

Mr. Michael Prue: If all of that is true, what about Ornge? This is why we're doing this, in order to have somebody in there who can look at it right away, can see if things are going wrong and report back. Otherwise, you're going to have more circumstances where things are hidden from the public, from the government and from everyone else, for whatever reasons people might have.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I think that there are other areas where we will specifically want to be addressing Ornge, and I take the point of my colleague in the NDP on this. However, our party stands on its record of being very much against empowering this or any other government

to implement red tape measures that are unnecessarily there, that can be invoked any time they want or any time any government wants on any subject. While he, as I say, raises a reasonable point on the question of Ornge, Ornge is specific, as in future days other things might be specific, requiring the appointment, for example, of a select committee. That's one thing; this is entirely another.

1610

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: I'll just comment then. If Ornge is something specific, it's a one-off, what about eHealth? Let's get that on the record because we had a lot of issues in that program as well.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment is lost.

We'll now consider schedule 28, section 4, in your package, government amendment number 114. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 4 of schedule 28 to the bill be amended,

(a) by striking out "providing Ontario government services" and substituting "providing ServiceOntario services"; and

(b) by striking out "for the purpose of obtaining an Ontario government service" at the end and substituting "for the purpose of obtaining a ServiceOntario service".

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: I don't think any explanation is needed, Chair.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 4, as amended, carry? Carried.

We're considering schedule 28, section 5, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 5(1) of schedule 28 to the bill be amended by striking out "Ontario government services" and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Anybody have a burning need for discussion on this item? Shall the amendment carry? Carried.

Shall schedule 28, section 5, as amended, carry? In my opinion, the section carries.

We are considering schedule 28, section 6. We have a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 6(1) of schedule 28 to the bill be amended by striking out "Ontario government services" and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 6, as amended, carry? Carried.

We are at schedule 28, section 7. Government motion, number 117: Ms. Wong.

Ms. Soo Wong: I move that subsection 7(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Same section, government motion 118. Mrs. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 7(2) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 7, as amended, carry? In my opinion, the section carries.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: It may be a good time to take a health break.

The Chair (Mr. Bob Delaney): Five-minute recess.

The committee recessed from 1616 to 1624.

The Chair (Mr. Bob Delaney): Okay. Let’s come back to order. We are considering a new section, section 7.1 of schedule 28. In your package at number 119, we have an NDP motion. Mr. Prue.

Mr. Michael Prue: I move that part II of the Government Services and Service Providers Act, 2012, as set out in schedule 28 to the bill, be amended by adding the following section:

“Role of Ombudsman

“7.1(1) The Ombudsman may investigate any decision or recommendation made or any act done or omitted in the course of a person’s or entity’s provision of Ontario government services under this act and affecting any person or body of persons in his, her or its personal capacity.

“Application of Ombudsman Act

“(2) The Ombudsman Act applies to the Ombudsman’s investigation, with necessary modifications, as if the person or entity providing the Ontario government services were a governmental organization within the meaning of that act.”

The Chair (Mr. Bob Delaney): Thank you. The Chair will now explain why Mr. Prue was allowed an extra minute to go out and get the chocolate banana bread. It’s because this amendment attempts to indirectly amend the Ombudsman Act, which is not open in the bill, and I therefore rule it out of order. But we’ve still got the banana bread.

We have a proposal for a new section, section 7.2 of schedule 28, in your package, item number 120, an NDP motion. Ms. Forster.

Ms. Cindy Forster: I move that part II of the Government Services and Service Providers Act, 2012, as set out in schedule 28 to the bill, be amended by adding the following section:

“Whistle-blowing protection

“7.2(1) This section applies with respect to every part V service provider, other than one to whom part VI (Disclosing and Investigating Wrongdoing) of the Public Service of Ontario Act, 2006 applies.

“Reprisal prohibited

“(2) No part V service provider or person acting on behalf of one shall intimidate, dismiss or otherwise penalize an officer or employee of the service provider, whether by act or omission, or threaten to do so, because the officer or employee gives information relating to the service provider to the minister or a person designated by the minister or testifies in a proceeding.”

The Chair (Mr. Bob Delaney): Thank you. Any explanation or discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, a point of order—again, I await your ruling on this. I believe that this should be also out of scope because it opens a piece of legislation that is not before this committee in the context of this bill, and that is the Public Service of Ontario Act, 2006. So that’s one point.

Also, on another point, I would recommend that the members of this committee vote against this motion because this provision is not drafted in a manner that is similar to legislative whistle-blowing provisions that have been enacted. For example, this provision does not describe the type of information that could be provided to the minister or the circumstances in which this information may be communicated; notably, the disclosure-of-wrongdoing provisions of the Public Service of Ontario Act, 2006, which apply to the Ontario public service, describe the types of wrongdoing that may be disclosed. In this case, the provision could potentially protect any disclosure to the responsible minister, even if the information is incorrect or defamatory, illegally obtained, or if the disclosure is frivolous or vexatious. Notably, a regulation or service agreement made under the proposed act could require a service provider to implement whistle-blowing procedures and protections.

The Chair (Mr. Bob Delaney): Any further discussion?

Ms. Cindy Forster: I think that—

The Chair (Mr. Bob Delaney): First of all, let me rule on Mr. Naqvi’s point of order. The amendment is in order. It is not attempting to amend the act. It is making reference to it or trying to apply it.

Sorry, Ms. Forster.

Ms. Cindy Forster: I think that this amendment actually arises directly out of the Ornge fiasco. We hear the questions being asked every day during question period by the official opposition, as well as by the NDP, that the reason why we’re not getting the front-line workers coming forward is because they don’t have any whistle-blowing protection, and so the information is always coming through a third party. So that is the reason

for this amendment, and I would hope that the official opposition would support this legislation.

1630

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment—

Mr. Michael Prue: On a recorded vote, please.

Ayes

Fedeli, Forster, McNaughton, Prue, Shurman.

Nays

Naqvi, Piruzza, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

We're considering schedule 28, section 8. There are no amendments proposed to schedule 28, section 8 or section 9 or section 10. Permission to consider schedule 28, sections 8, 9 and 10, inclusive.

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 28, sections 8, 9 and 10, carry? In my opinion, the sections carry.

We are at section 11 of schedule 28, in your package at number 120A. Mr. Prue, do you wish to make any remarks on the notice that you have here?

Mr. Michael Prue: No. I think it is inconsequential at this point, given the number of amendments that have been defeated.

The Chair (Mr. Bob Delaney): That begs the question: Is it a withdraw or an ignore?

Mr. Michael Prue: Ignore.

The Chair (Mr. Bob Delaney): Okay.

Shall schedule 28, section 11, carry. In my opinion, the section carries.

We're at schedule 28, section 12, in your package at number 121: a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 12(1) of schedule 28 to the bill be amended by striking out "Ontario government services" in the portion before paragraph 1 and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Anybody need any discussion on that? I didn't think so. Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

The same section, government motion number 122. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that the definition of "customer service information" in subsection 12(3) of schedule 28 to the bill be amended by striking out "an Ontario government service" in the portion before clause (a) and substituting "a ServiceOntario service".

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 12, as amended, carry? In my opinion, the section carries.

We are at schedule 28, section 13: a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 13(1) of schedule 28 to the bill be amended by striking out "Ontario government services" and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Any discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

The same section, number 124 in your package. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 13(2) of schedule 28 to the bill be amended by striking out "an Ontario government service" and substituting "a ServiceOntario service".

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 13, as amended, carry? In my opinion, the section carries.

We are considering schedule 28, section 14: Ms. Wong.

Ms. Soo Wong: I move that subsection 14(1) of schedule 28 to the bill be amended by striking out "Ontario government services" and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 14, as amended, carry? In my opinion, the section carries.

We are at schedule 28, section 15, in your package: government motion number 126, Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 15(1) of schedule 28 to the bill be amended by striking out "Ontario government services" and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 15, as amended, carry? In my opinion, the section carries.

We're at schedule 28, section 16, amendment number 127 in your package: government motion, Ms. Wong.

Ms. Soo Wong: I move that subsection 16(1) of schedule 28 to the bill be amended by striking out "Ontario government services" in the portion before paragraph 1 and substituting "ServiceOntario services".

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 16, as amended, carry? In my opinion, the section carries.

Schedule 28, section 17: government motion, Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 17(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Same section: government motion number 129 in your package, Ms. Wong.

Ms. Soo Wong: I move that subsection 17(6) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Prue.

Mr. Michael Prue: This is so, so hard, I’m requesting a 20-minute recess.

The Chair (Mr. Bob Delaney): Allowing for the banana bread break, can we work you down to 15?

Mr. Michael Prue: Can we be worked down to 15? No, we need 20 minutes.

The Chair (Mr. Bob Delaney): You get a 20-minute recess. We will reconvene at one minute before 5.

The committee recessed from 1639 to 1700.

The Chair (Mr. Bob Delaney): And everybody’s back on time. Splendid.

Here’s where we are: We’re ready to consider the vote on number 129 in your package, which is a government motion. Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 17, as amended, carry? In my opinion, the section carries.

There are no proposed amendments for sections 18 and 19 of schedule 28. Permission to consider them both simultaneously?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 18 and 19 of schedule 28 carry? Carried.

We’re considering section 20 of schedule 28, government motion number 130: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 20(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Also section 20 in your package, government motion number 131: Ms. Wong.

Ms. Soo Wong: I move that subsection 20(5) of schedule 28 to the bill be amended by striking out “an Ontario government service” and substituting “a Service-Ontario service”.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

That takes us to section 20 of schedule 28, as amended. Shall schedule 28, section 20, as amended, carry? In my opinion, the section carries.

We’re at section 21 of schedule 28, government motion number 132 in your package: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 21 of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? Opposed? In my opinion, the amendment carries.

Shall schedule 28, section 21, as amended, carry? In my opinion, the section carries.

There being no proposed amendments to schedule 28, sections 22 through 25, inclusive, request to consider them as a block?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 28, sections 22 through 25, inclusive, carry? In my opinion, they carry.

We’re now considering schedule 28, section 26, in your package number 133: a government motion, Ms. Wong.

Ms. Soo Wong: I move that the heading to part VI of the Government Services and Service Providers Act, 2012, as set out in schedule 28 to the bill, be amended by striking out “Ontario Government Services” and substituting “ServiceOntario Services”.

The Chair (Mr. Bob Delaney): As earlier ruled by the Chair in a similar motion, legislative drafters insert headings throughout the text to assist the reader. Such headings are not considered to be part of the bill and are not subject to amendments. I, therefore, rule the amendment out of order.

And also in section 26, in your package number 134, Ms. Piruzza, a government motion.

Mrs. Teresa Piruzza: I move that subsection 26(1) of schedule 28 to the bill be amended,

(a) by striking out “Ontario government services” in the portion before paragraph 1 and substituting “Service-Ontario services”; and

(b) by striking out “the particular Ontario government service” at the end of paragraph 2 and substituting “the particular ServiceOntario service”.

The Chair (Mr. Bob Delaney): Discussion? Shall the amendment carry? All those in favour? Opposed? In my opinion, the amendment carries.

Shall schedule 28, section 26, as amended, carry? In my opinion, the section carries.

We’re on schedule 28, section 27, government motion 135: Ms. Wong.

Ms. Soo Wong: I move that subsection 27(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Discussion? All those in favour? All those opposed? In my opinion, the amendment carries.

Same section, government motion 135A: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 27(4) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: A 20-minute recess.

The Chair (Mr. Bob Delaney): Can you do it in less than 20 minutes?

Mr. Yasir Naqvi: A 20-minute recess.

The Chair (Mr. Bob Delaney): A 20-minute recess. It is nine minutes after 5. We will reconvene at 5:29.

The committee recessed from 1709 to 1728.

The Chair (Mr. Bob Delaney): Welcome back. We are considering motion 135A, which is the government motion. Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Mr. Yasir Naqvi: This was 135A?

The Chair (Mr. Bob Delaney): This is 135A.

Shall schedule 28, section 27, as amended, carry? Carried.

There are no proposed amendments to schedule 28, sections 28, 29 and 30. Permission to consider the three schedules together? Yes. Shall schedule 28, sections 28, 29 and 30, carry? In my opinion, the sections carry.

We are on schedule 28, section 31; in your package, number 136. Government motion: Ms. Wong.

Ms. Soo Wong: Thank you. I move that subsection 31(1) of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “ServiceOntario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 31, as amended, carry? In my opinion, the section carries.

We’re considering section 32. In your package, government motion 137: Ms. Piruzza.

Mrs. Teresa Piruzza: I move that section 32 of schedule 28 to the bill be amended by striking out “Ontario government services” and substituting “Service-Ontario services”.

The Chair (Mr. Bob Delaney): Any need for discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 32, as amended, carry? In my opinion, the section carries.

There being no amendments proposed to schedule 28, sections 33 through 37, inclusive, shall we consider these sections together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 28, sections 33 through 37, inclusive, carry? In my opinion, they carry.

We are at schedule 28, section 38. In your package, number 138: government motion. Ms. Wong.

Ms. Soo Wong: I move that section 38 of schedule 28 to the bill be amended by adding “(ServiceOntario)” after “Service Providers Act”.

The Chair (Mr. Bob Delaney): Any need for discussion on this? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 28, section 38, as amended, carry? In my opinion, it carries.

We have considered all of the sections of schedule 28. Is there any discussion on schedule 28 in total?

Mr. Prue, you have your notice, number 139.

Mr. Michael Prue: Yes, thank you very much, Mr. Chair.

This is a very difficult schedule, and New Democrats were hoping that it could be amended to the point that we could support it. Andrea Horwath wrote a letter to the Premier, and I want to quote it into the record. She wrote a letter to the Premier dated today, June 18, 2012, and part of that letter, the second bullet point on the second page, states as follows:

“Last week, we announced our intention to vote against schedule 28 and a series of related schedules related to privatization of ServiceOntario. We had similar concerns about oversight, accountability and the scope of the schedule which granted cabinet broad powers to sell government assets. We feel that amendments put forward by all three parties address those concerns. New Democrat amendments will ensure a transparent review by Ontario’s auditor before a sale proceeds. With these amendments, we can support these schedules.”

Mr. Chair, we had hoped against hope that the committee would adopt similar wording and legislation as had been found in 16. That was not to be the case. Without oversight by the auditor and without oversight by the Ombudsman, we do not feel that this schedule is in the best interests of the people of Ontario.

I am mindful of the commitment that we made to try to work through all of the schedules and especially this one, which we held very dear, but given the circumstances as they played out today, we do not feel we can do so.

I am also mindful that my colleagues from the official opposition have indicated their support, so I’m asking the government not to worry too much. But we, as New Democrats, cannot do this, because we feel that the workers who work for the province of Ontario deserve the kind of protection that their jobs are not sold out from underneath them without legislative oversight that could have been provided by the Auditor General and which this committee agreed should be given to literally every other organization in the province that is more at arm’s length. It is disappointing to us, but we feel we have no choice but to vote no.

The Chair (Mr. Bob Delaney): Okay. Further discussion? Mr. Naqvi, I know you wanted to make some remarks. Mr. Shurman, do you want to make some remarks?

Mr. Peter Shurman: If I'm making remarks to the total schedule, yes, I would like to.

The Chair (Mr. Bob Delaney): To the total schedule.

Mr. Peter Shurman: Yes. Privatization, Chair, is not a dirty word. It never has been. Privatization suggests, in accordance with what we just heard from my colleague from the socialist party, that somehow or other you are going to remove—

The Chair (Mr. Bob Delaney): All right. Hold on, hold on.

Mr. Michael Prue: He's using it as a dirty word.

The Chair (Mr. Bob Delaney): I think everybody knows the name of the party.

Mr. Peter Shurman: I've just gotten so used to that, Chair. The NDP.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Peter Shurman:—that somehow or other, privatization suggests that we are going to remove jobs from the public sector and the workers who toil for the province of Ontario, for whom I have respect and not disdain. However, I have respect for all Ontarians and I think what we have to do is, we have to look at the broader picture.

Going for the best bang for the buck on behalf of all Ontarians does not in any way suggest necessarily that it means that we're going to take advantage of people who are employed as unionized labour in the public sector or the broader public sector.

It was very interesting, Chair, in the hearings that we had last week that we talked to a number of representatives from very significant organized labour—smaller groups, as well as people like Fred Hahn of the Canadian Union of Public Employees, Warren “Smokey” Thomas of OPSEU, Ontario Public Service Employees Union, and we got opinion on this.

For some reason, and very much in evidence if the record is consulted on the question of what CUPE had to say, our organized labour, or at least its senior representatives seem to believe that they are entitled to their entitlements, and we don't. We have said consistently in the Progressive Conservative Party that everybody in the province has to take one for the team.

We have crises in this province, Chair. We have an employment crisis. We have a financial crisis of significant proportions that threatens, even the government admits, to be one of epic proportions if we don't exercise some control.

So far be it from me to congratulate the Liberal government of Dalton McGuinty, but I've got to say that at least the efforts that were put forward were put forward in hopes that privatization of some aspects of procurement for the province of Ontario, whether that be goods or whether it be services, was an appropriate direction in which to travel.

I might say as well, Chair, that my party put that forward before any budget was tabled in the chamber in this building on March 27. We believe in the idea of getting the best deal possible for Ontarians.

To that end, we frankly would have liked to see schedule 28 maintain itself intact as originally proposed, which would have made it much broader than what is now contemplated, where all the limitations seem to be built around the words “ServiceOntario” and the areas serviced by ServiceOntario. Left to us, we would see that broadened, and still with respect for labour in the province of Ontario.

So I wanted to put that on the record before the vote is called on schedule 28, and I look forward to hearing the comments from my opposite number in the government.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I think we're all well aware that this morning, Andrea Horwath, the leader of the NDP, publicly committed to scaling back the number of schedules which the NDP would remove from the budget bill from 13 to four. Ms. Horwath specifically explained that the four schedules the NDP would be removing from the budget bill all related to interest arbitration. We trust that the NDP will follow through with this commitment, which was articulated very clearly in their leader's press conference this morning.

1740

Our government brought forward 32 amendments to address the NDP's concerns about the scope of schedule 28—amendments that the NDP members in this committee supported themselves. Unfortunately, some of the NDP amendments were ruled out of order, some were defeated and one did in fact pass.

I only expect, and members of the committee on the government side and the government, that Ms. Horwath, the leader of the NDP, will not go counter to her own word from this morning and will—

Mr. Michael Prue: Did you listen to what she said?

Mr. Yasir Naqvi:—support schedule 28, as amended, as voted on by the NDP members of the committee.

The Chair (Mr. Bob Delaney): I'd like you to confine your remarks to the schedule and not to the motivations of the leader of any party.

Mr. Yasir Naqvi: I appreciate that, Chair. I am speaking about schedule 28 because that has been very much part and parcel of the conversation, not only the conversation that is taking place in this committee during public hearings; the discussion we have just had for the last approximately two hours, going meticulously through various amendments so that we can scope the extent or the breadth of schedule 28 to that of services that are provided by ServiceOntario, not to mention the two agreements that were reached between the NDP and the government where schedule 28 and its content were not an ask by the NDP.

This morning, we had statements by the leader of the NDP, Andrea Horwath, where she did not bring up the issue around schedule 28, tacitly giving her support for

the amendments that are put forward by the government, supported by the members of the NDP, Mr. Prue and Ms. Forster, throughout the process. I think some of these votes are recorded, as was asked by the official opposition, and I find it disturbing, to say the least, that now the same schedule, as amended, is not being supported.

I think part of the exercise in this committee is to have votes. Some votes go one way; other votes go particularly—and over the last two days we have seen how those things work. But I think one of the key things in any minority government is the capacity to work together, the capacity to talk to each other and the capacity to trust each other's word. In this instance—and I can speak for myself as the member from Ottawa Centre—I'm disturbed, and I don't know how much capacity that personally I have to trust the word of NDP members or that of the leader of the NDP.

The Chair (Mr. Bob Delaney): You're drifting away from the schedule, and the last part wasn't called for.

Further discussion? Mr. Prue.

Mr. Michael Prue: Yes. I take some considerable umbrage at the statement made by Mr. Naqvi. I have sat here for the last two hours and voted on almost every single recommendation that he and his party put forward in order to ensure that he got exactly what he wanted here.

I have read the statement from Andrea Horwath right into the record, which belies everything that the member has said. Andrea Horwath, so I can state it again, stated and wrote to the Premier the following words:

"Last week, we announced our intention to vote against schedule 28 and a series of related schedules related to privatization of ServiceOntario. We had similar concerns about oversight, accountability and the scope of the schedule which granted cabinet broad powers to sell government assets. We feel that amendments put forward by all three parties address those concerns. New Democrat amendments will ensure a transparent review by Ontario's auditor before a sale proceeds. With these amendments, we can support those schedules."

I don't know how you can be any clearer, and if you can't be more clear—two paragraphs below that, she wrote to the Premier, "As long as schedules and sections are successfully amended, our members will not need to vote against any more schedules." That's what she said, that is her word and not the way you twist it—

The Chair (Mr. Bob Delaney): Please speak through the Chair.

Mr. Michael Prue: And not the way the member chooses to twist it.

I am in here to try to do the right thing, and the right thing also includes looking after the 100,000 people who work for the province of Ontario because they deserve protection too. That's why we're standing up for the little guy.

The Chair (Mr. Bob Delaney): Is there further discussion?

Mr. Yasir Naqvi: Chair, recorded vote.

Mr. Michael Prue: Absolutely. I wanted one too.

The Chair (Mr. Bob Delaney): Shall schedule 28, as amended, carry?

Ayes

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

Nays

Forster, Prue.

The Chair (Mr. Bob Delaney): In my opinion, the schedule carries.

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Before you move on to the next schedule, which is schedule 29, I would like to make a unanimous consent motion that relates to schedule 28, which just passed. I believe members have a copy; if not, I have additional copies that I can give to the clerk before I read the motion and make a statement on that.

The Chair (Mr. Bob Delaney): Do we have unanimous consent?

Mr. Michael Prue: For this motion? No.

Mr. Monte McNaughton: Could we have a two-minute recess, please?

Mr. Victor Fedeli: I don't have a copy of the motion, Chair.

The Chair (Mr. Bob Delaney): Okay, as some members don't have a copy of the motion, we'll take a very brief recess.

Mr. Victor Fedeli: I'd just like to read it once.

The Chair (Mr. Bob Delaney): Yes, that's fair. We'll take a two-minute recess.

The committee recessed from 1749 to 1751.

The Chair (Mr. Bob Delaney): Let's come back to order. Before everybody jumped the gun, Mr. Naqvi, I believe, asked on a point of order. Mr. Naqvi, would you like to make the point of order?

Mr. Yasir Naqvi: Yes, Chair, I would like to make the point of order. Thanks to the clerk for clarifying me with the process.

I would like to seek unanimous consent to reopen schedules 6, 7 and 13. If you may let me make a brief statement as to the intent behind this point of order, I'd be more than happy to do so.

The Chair (Mr. Bob Delaney): Go ahead.

Mr. Yasir Naqvi: We just passed schedule 28, as amended, to look at the possibility of ServiceOntario as a public-private partnership. Schedules 6, 7 and 13 that were dealt with last Thursday contemplate consequential amendments to operate what we just agreed to in schedule 28. Without schedules 6, 7 and 13, what we just agreed to in schedule 28 will be difficult to put into effect. Amendments to those schedules were technical in nature in order to operationalize schedule 28. Now that schedule 28 has passed, I think it's only appropriate that we reconsider those three schedules, hence, my point of

order to seek unanimous consent to reopen schedules 6, 7 and 13.

The Chair (Mr. Bob Delaney): Has everybody understood what it is that Mr. Naqvi has requested? Is there unanimous consent?

Mr. Michael Prue: No.

Ms. Cindy Forster: No.

The Chair (Mr. Bob Delaney): There not being unanimous consent, I'm sorry, I cannot grant your point of order.

Mr. Yasir Naqvi: Thank you.

The Chair (Mr. Bob Delaney): I'm very mindful of the time. We are now going to move on to schedule 29. There are no amendments proposed to schedule 29, sections 1 through 10, inclusive. May we consider sections 1 through 10, inclusive, in a block?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 29, sections 1 through 10, inclusive, carry? In my opinion, the sections carry.

In section 11 of schedule 29, we have an NDP motion. Ms. Forster.

Ms. Cindy Forster: I move that subsection 11(3) of schedule 29 to the bill be struck out and the following substituted:

"Registrar's action

"(3) Subject to subsection (3.1), if the registrar of motor vehicles is notified under subsection (1), he or she shall, at the next opportunity, refuse to validate the vehicle permit issued to the person who received the notice of failure to pay under section 5 and refuse to issue a vehicle permit to that person.

"Notification by registrar

"(3.1) If the registrar of motor vehicles is notified under subsection (1), he or she shall not act under subsection (3) unless, at least 30 days before refusing to validate the vehicle permit issued to the person and refusing to issue a permit to the person, the person received a notice described in subsection (3.2) from the registrar.

"Same

"(3.2) For the purposes of subsection (3.1), the registrar of motor vehicles shall send the person a notice stating,

"(a) that the registrar has received notification from the minister under subsection (1);

"(b) that the registrar will be required under subsection (3) to refuse to validate the vehicle permit issued to the person and to refuse to issue a vehicle permit to the person; and

"(c) any prescribed information."

Mr. Peter Shurman: There's another page.

Ms. Cindy Forster: Oh.

"Same

"(3.3) The notice required by subsection (3.2) shall be sent by registered mail or delivered by a bonded courier."

The Chair (Mr. Bob Delaney): Any explanation on it?

Ms. Cindy Forster: Currently, the 407 company can force MTO to cancel driver's licences for those with

unpaid fines, and sometimes they aren't given warning and they don't hear about it until their licence is cancelled. We've actually heard of examples where it's the spouse or someone else who's actually getting their driver's licence suspended while they were driving the other person's vehicle.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Our recommendation is to vote against this motion for the following reason: The new notice period would likely create an operational conflict with the legislative regime for 407 ETR under the Highway 407 Act, 1998, whereas the intent was to create a seamless and integrated tolling regime as between 407 ETR and 407 east.

It is estimated that 80% of Highway 407 east users will also be using 407 ETR. Such users owing tolls or fees would have two different plate denial dates, one of which relating to 407 ETR would be in effect 30 days before the other, relating to 407 east. The foregoing discrepancy in plate denial dates would not be of any benefit to users of the highway and would likely create confusion over when the period of plate denial begins. For example, a person who owed tolls for both highways would receive a notice indicating that he or she will be placed in plate denial in 30 days for 407 east, but that same person would already be in plate denial with respect to the amount owed to 407 ETR at the time of receiving the notice.

Moreover, such users would not be able to use the partial payment mechanism to clear the earlier plate denial period, that of the 407 ETR, while leaving the subsequent plate denial period to be cleared later on because under the contract with CanToll, the service provider for 407 east, partial payments of tolls and fees owed to 407 ETR and 407 east are to be shared as between the two highways in proportion to the amount of tolls and fees owed to each highway. Thus, our recommendation is to vote against this motion.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. Prue.

Mr. Michael Prue: If I can, there are so many complaints about this highway and there are so many complaints about the activities undertaken by the people who run the highway. If you ever have the misfortune of having your licence revoked and you don't find out about it until you're stopped by a police officer and then try to get that licence back—all this is trying to do is to help people who are absolutely not aware of what is happening to them. Because the car can be driven by almost anyone and it is not the licensee but the car that is charged, it is very difficult for someone who has a faultless driving record. Say a son or a daughter takes the car out onto the 407, doesn't want to tell their parent that they were on the 407 and then hides that stuff, and some poor, blameless parent goes and finds out their licence has been cancelled. They can't drive their car anymore.

I have some very serious problems with the way this business is conducted. I know they have to collect their money, but we have to make it seamless and fairer for

ordinary people to not have their licence revoked through no fault of their own.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? I declare the amendment carried.

Mr. Monte McNaughton: One more.

The Chair (Mr. Bob Delaney): Okay. One more and then we're going to adjourn. This one's going to be an easy one.

May we consider schedule 29—oh, I'm sorry. Just before we continue, shall schedule 29, section 11, as amended, carry? Carried.

May we consider schedule 29, sections 12 through 15, inclusive, where there are no amendments proposed?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 29, sections 12 through 15, inclusive, carry? Carried.

It now being past 6 o'clock, our authority under the order from the House compels me to adjourn this meeting.

I will remind all of our members, and, indeed, staff, that this, if you wish, can be business casual tomorrow. We'll see everybody here, same room, at 9 o'clock in the morning. I thank you all for your time today and for working through some very difficult issues. We're adjourned.

The committee adjourned at 1801.

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Ms. Teresa Piruzza (Windsor West / Windsor-Ouest L)

Mr. Michael Prue (Beaches–East York ND)

Mr. Peter Shurman (Thornhill PC)

Ms. Soo Wong (Scarborough–Agincourt L)

Also taking part / Autres participants et participantes

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Mr. James Sinclair, director, Ministry of Finance, legal services branch

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Mardi 19 juin 2012

Standing Committee on Finance and Economic Affairs

**Strong Action for Ontario Act
(Budget Measures), 2012**

Comité permanent des finances et des affaires économiques

**Loi de 2012 sur une action
énergique pour l'Ontario
(mesures budgétaires)**

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Président : Bob Delaney
Greffière : Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Tuesday 19 June 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mardi 19 juin 2012

*The committee met at 0901 in room 151.*STRONG ACTION FOR ONTARIO ACT
(BUDGET MEASURES), 2012
LOI DE 2012 SUR UNE ACTION
ÉNERGIQUE POUR L'ONTARIO
(MESURES BUDGÉTAIRES)

Consideration of the following bill:

Bill 55, An Act to implement Budget measures and to enact and amend various Acts / *Projet de loi 55, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.*

The Chair (Mr. Bob Delaney): Good morning, everybody. It's with a heavy heart that I tell you this is the last day that we're all going to get together here. After 82 witness deputations and this being the fourth day of our clause-by-clause, I'm sorry to inform you that in fact this is not Groundhog Day and that it will end.

Before we get under way, there are just a few comments I'd like to make. Throughout this process, which has involved very tight deadlines, I would like very much to commend the clerks' staff, and my clerk, Val—

Applause.

The Chair (Mr. Bob Delaney): —in particular, as well as the legislative legal counsel. My clerk has ensured—

Mr. Yasir Naqvi: The lawyers in the background are clapping.

Interjection: The sound of one hand clapping.

The Chair (Mr. Bob Delaney): Well, from time to time you have to say God bless the lawyers, eh?

I have to say that not once have I mistakenly said “section” where I should say “schedule” and “schedule” where I should say “section” because there's always been a little voice beside me, and thank you very much, Val.

I also want to say that, particularly yesterday, if you had visited the committee and had come from someplace else—if you were from away—you might actually look around and figure that here were some hard-working elected members who had the best interests of the province at heart. In that sense, I have to tell you it was a pleasure to chair and I'm looking forward to more of it today.

With that in mind, we will pick up where we left off.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I just want to say, without making it sound too much like a mutual admiration society, that it takes a firm hand of the Chair to steer things through as readily and speedily as you have, and so I think I join with all of my fellow committee members in thanking you for doing that.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Yasir Naqvi: Thank you, Chair.

The Chair (Mr. Bob Delaney): Thank you, my friend.

When we last left off, we were considering schedule 29—just before we begin, is there a unanimous consent motion that anybody would like to make?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: I seek unanimous consent that our staff can accompany us—right behind us so that they can assist us during the duration of the day.

Mr. Peter Shurman: And I would parallel that with additional support staff at the table, pending any need of the chairs for other deputants that we may call.

The Chair (Mr. Bob Delaney): The Chair notes that we did this yesterday as an exception. Do we have unanimous consent?

Interjections: Agreed.

The Chair (Mr. Bob Delaney): Okay. This is not intended to set a precedent, but it is intended to reflect the gravity of the affair that we're dealing with and the short time span that we've had to deal with it. Unanimous consent having been sought and granted, one staff member is welcome to join each party at the table on this meeting and this meeting only.

We are considering schedule 29 to the bill. We are looking at number 141 in your package: a PC amendment. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 16 of schedule 29 to the bill be amended by adding the following subsection:

“Annual review of toll

“(1.1) Beginning on the March 1 before the period of time specified in a regulation made under subsection (1) ends, and on every March 1 after that, the minister shall commence a review of the toll to be payable for the operation of a vehicle on Highway 407 east in the 12-month period beginning on the next June 1, and the review shall include public consultation on the proposed toll by,

“(a) setting out the proposed toll on the ministry’s website on March 1; and

“(b) inviting public input on the proposed toll to be made until the next April 30.”

The Chair (Mr. Bob Delaney): Thank you. Discussion? Mr. McNaughton.

Mr. Monte McNaughton: Well, this amendment requires the minister to commence a review of the toll to be payable for the operation of the new section of Highway 407 east. This amendment requires the ministry to set out the toll on the ministry website. So again, it’s ensuring complete transparency when the province is in control of this section of the 407.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, our recommendation is that the committee members vote against this particular motion. The regime of annual toll adjustment based on CPI in the proposed act contemplates an automatic and transparent mechanism, one that is consistent with the use of the CPI in other tolling jurisdictions.

The proposed amendment to section 16 to add a review and consultation feature runs counter to the default mechanism of allowing tolls to track changes to CPI, and would in any event not authorize the minister to override the automatic adjustment, nor obligate the results of the review and consultation to be implemented.

Further, Chair, the proposed act contemplates a mechanism for overriding the annual CPI adjustment, which is a regulation by the Lieutenant Governor in Council, and such a regulation would, under current rules, be posted for 45 days on the regulatory registry for public review and comment.

The Chair (Mr. Bob Delaney): Mr. Shurman?

Mr. Peter Shurman: I’d like to add to the comments of my colleague Mr. McNaughton with regard to this amendment. This is nothing more, nothing less, than an item bearing on the accountability and transparency of the government in a section of 407 where we’re dealing with tolls that accrue directly to the province and which are managed by the province. So what we seek is a mechanism for review, for the public to be able to scrutinize and for the public to be able to make comment and input, which is why we refer directly to the website.

Goodness knows, there’s been enough negative conversation about 407 as it exists to date, coming from the Liberal side—and that’s not a shot—over the years. Now that we have an opportunity to expand 407 and control tolls on that portion ourselves, we think it’s essential that the transparency aspect exist, and we think that we’re presenting at least the beginnings of a working mechanism for that.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? The amendment carries.

Shall schedule 29, section 16, as amended, carry? Carried.

We are at number 142 in your package. We’re considering schedule 29, section 17: NDP motion, Mr. Prue.

Mr. Michael Prue: I move that section 17 of schedule 29 to the bill be amended by adding the following clause: “(f.1) prescribing information for the purpose of clause 11(3.2)(c);”

The Chair (Mr. Bob Delaney): Discussion?

Mr. Michael Prue: Discussion: This is related to amendment number 140, which the committee has already approved. It’s just consequential to it; that is, related to the driver’s licence provisions.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Peter Shurman: Can I get another line from Mr. Prue on how it modifies 140 specifically? I mean, we supported 140, so I suspect we would support 142, provided we have a good understanding of what we’re discussing here.

Mr. Michael Prue: I can’t tell you much more than is written. It’s a linkage between the two—(f) is providing that the Arbitration Act, 1991, or any provision of that act does not apply to the appeals under section 8, so it’s just a linkage. That’s what I was told by our staff who worked on it, and that’s all.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, I’ll just share what I have here. I do understand it’s a consequential amendment to 140, which passed, and essentially that it proposes a regulation-making power premised on the adoption of the notice contemplated in motion 140. So I think it gives the regulation-making power. We can call a friend, if that helps.

Mr. Peter Shurman: Call a friend? Why don’t we take a two-minute recess?

Mr. Yasir Naqvi: Sure, fine.

The Chair (Mr. Bob Delaney): A two-minute recess.

The committee recessed from 0910 to 0911.

The Chair (Mr. Bob Delaney): Let’s come back to order.

We’re considering amendment number 142 in your package. Is there any further discussion? Shall the amendment carry? The amendment carries, in my opinion.

Shall schedule 29, section 17, as amended, carry? Carried.

There being no amendments proposed for schedule 29, sections 18 through 22, inclusive, shall sections 18 through 22, inclusive, be considered together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 29, sections 18 through 22, inclusive, carry? In my opinion, they carry.

Shall schedule 29, as amended, carry? In my opinion, it carries.

We are now considering schedule 30. Sections 1, 2 and 3 have no amendments proposed. Shall we consider them together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 30—

Mr. Yasir Naqvi: A recorded vote, Chair.

The Chair (Mr. Bob Delaney): A recorded vote requested.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

The Chair (Mr. Bob Delaney): I declare the sections carried.

Now we've got a little bit of work to do on schedule 30, section 4. In your package at number 143, we have an NDP motion: Ms. Forster.

Ms. Cindy Forster: I move that subsection 9(1.7) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(1) of schedule 30 to the bill, be struck out and the following substituted:

"Same

"(1.7) The written reasons must demonstrate that the board of arbitration has considered the criteria set out in subsection (1.1), and may deal with other matters as the board considers appropriate."

The Chair (Mr. Bob Delaney): Any discussion or explanation?

Ms. Cindy Forster: Schedule 30 establishes a new arbitration regime under the Hospital Labour Disputes Arbitration Act. This addresses the need for schedule 30 changes that force the union, employer and arbitrator to address each of the criteria, including the ability to pay, and build some flexibility in on this.

The unions and the arbitration community want more flexibility in addressing the criteria and therefore more flexibility to be able to cut a deal to resolve the issues.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thanks, Chair. I think we've discussed this type of particular motion before. The government motion 144 already addresses this motion by eliminating the word "proper" from this subsection. By removing the word "clearly" as proposed here, it would mean that arbitrators would not have to demonstrate clear consideration of the criteria on which he or she received submissions from a party.

The purpose of the proposed legislation is to increase accountability and transparency within the interest arbitration system while preserving the essential independence of the decision-making process.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: We're opposing this amendment. This motion allows for obscurity in the arbitrator's decision and it can be viewed as a method for the arbitrator to hide behind union demands, so the PCs will oppose this amendment.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: The arbitration community does not agree, and we certainly heard from a number of the unions during the deputant stage with respect to the central bargaining process that hospitals are in. It's different from other arbitration processes in that you might have 200 hospitals, for example, in one central process, and I think that is why they want more flexibility around these issues.

I heard the Ontario Hospital Association was here and that actually the new CEO of the OHA was in support of

some of the changes, particularly around the ability to pay. But in a central process how are you going to be able to consider 200 different hospitals or 300 different nursing homes who are all involved in one process if you have to be very strict around the ability-to-pay criteria? I think this is why they're looking for some flexibility in this area.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry?

Interjection: No.

The Chair (Mr. Bob Delaney): All those in favour?

Mr. Monte McNaughton: Recorded vote.

The Chair (Mr. Bob Delaney): Recorded vote requested.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, I declare the amendment lost.

We move on to number 144 in your package. A government motion, Ms. Piruzza.

Mrs. Teresa Piruzza: Sure.

I move that subsections 9(1.4), (1.5), (1.6) and (1.7) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(1) of schedule 30 to the bill, be struck out and the following substituted:

"Submissions re criteria

"(1.4) A party shall make submissions to the board of arbitration on any of the criteria set out in subsection (1.1) in respect of which the party intends to request written reasons from the board.

"Reasons

"(1.5) When the board of arbitration gives its decision, it shall provide written reasons upon the request of either party.

"Same

"(1.6) The written reasons must clearly demonstrate that the board of arbitration has considered the criteria on which a party has made submissions under subsection (1.4), and may deal with other matters as the board considers appropriate."

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsections 9(1.4), (1.5), (1.6) and (1.7) of the Hospital Labour Disputes Arbitration Act would require the parties, unless they jointly agree otherwise, to provide submissions on each of the statutory criteria listed in the act and would require, upon the request of either party, a board of arbitration to provide written reasons which clearly demonstrate that the board of arbitration had given proper consideration to each of those criteria.

The proposed motion would amend those provisions to require a party to make submissions only on the criteria set out in the act in respect of which it intends to request written reasons from the board of arbitration and a corresponding requirement on a board of arbitration to provide written reasons on the request of either party and to include in those reasons a clear demonstration that the board of arbitration has considered the criteria on which they receive submissions from a party.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: We will be supporting this motion as it outlines the criteria by which the arbitrator may render his or her decision. It also specifies that the decision must be provided in writing and must clearly demonstrate the arbitrator has considered the criteria which the party has submitted.

9920

The Chair (Mr. Bob Delaney): Further discussion? Mr. Prue.

Mr. Michael Prue: Although this is slightly different from our motion which was just defeated, we think that it does much the same thing, so we are going to support it.

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): A recorded vote having been requested, all those in favour?

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): The amendment carries.

Continuing in schedule 30, section 4, in your packages at number 145, a government motion: Ms. Wong.

Ms. Soo Wong: I move that subsections 9(4), (5), (6), (7), (8) and (9) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(3) of schedule 30 to the bill, be struck out and the following substituted:

"Time for final submissions

"(4) If the board of arbitration has not given its decision on or before the date that is 14 months after the referral date, each of the parties shall, on or before the date that is 15 months after the referral date, make its final written submissions to the board, including,

"(a) any submissions required by subsection (1.4); and

"(b) a list of any matters that the parties have already agreed upon.

"Time for decision

"(5) The board of arbitration shall give its decision on or before the date that is 16 months after the referral date, unless an extension is obtained under subsection (8).

"Same

"(6) The 16-month deadline applies,

"(a) even if replacements have been appointed under one or more of subsections 6(8), (9), (10), (11), (14) and (18.4);

"(b) even if one or both of the parties fail to make final written submissions in accordance with subsection (4).

"Same

"(7) Even if subsection 10(2) applies after the referral date, it does not operate so as to extend the 16-month deadline and, despite the operation of that subsection, the board shall give its decision on or before the date that is 16 months after the referral date.

"Application to OLRB for extension

"(8) The parties may jointly apply to the Ontario Labour Relations Board for an order extending the 16-month deadline, and in that case the following rules apply:

"1. The application must be filed with the board before the 16-month deadline expires.

"2. The board,

"(i) must deal with the application on an expedited basis,

"(ii) may grant only one extension in each arbitration proceeding, and

"(iii) may grant an extension only in exceptional circumstances.

"3. The extension, if granted, must not exceed two months after the date that is 16 months after the referral date.

"Termination of board of arbitration

"(9) The appointment of the board of arbitration is immediately terminated if it fails to comply with the 16-month deadline and one of the following conditions exists:

"1. No application has been made for an extension.

"2. An application for an extension has been dismissed.

"3. An application for an extension has been granted but the board of arbitration has not given its decision before the expiry of the extension period."

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsections 9(4), (5), (6), (7), (8) and (9) of the Hospital Labour Disputes Arbitration Act would provide the timelines to complete an interest arbitration proceeding. The purpose of this proposed change is to extend each timeline by four months. Specifically, the motion would amend timeline references as follows: 12 months to 16 months, 11 months to 15 months, and 10 months to 14 months. Based upon the feedback that we received from stakeholders, it was felt an extra four months was necessary to allow for central bargaining to occur first, and we heard that sometimes it can take a few months for unions and management to find, agree upon and have the initial meeting with an arbitrator.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Monte McNaughton: We can't support this amendment. This motion extends the arbitration deadline to 14 months after the referral date but before 15 months. This gives the arbitrator 16 months to render a decision. This is a change from the standing 11- and 12-month cut-off. In our view, it's a soft amendment, and we can't support it.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your packages at number 146, we have a government motion. Mrs. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 9(13) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(3) of schedule 30 to the bill, be amended by striking out “submissions that comply with subsection (1.4)” and substituting “any submissions required by subsection (1.4)”.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, the proposed subsection 9(13) of the Hospital Labour Disputes Arbitration Act refers to the parties’ obligation to file final written submissions with the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 9(1.4), (1.5), (1.6) and (1.7).

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment—

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): Recorded vote requested.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): I declare the amendment carried.

In your package at 147, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsections 9(14), (15) and (18) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(3) of schedule 30 to the bill, be amended by striking out “final submissions” wherever it appears and substituting in each case “final written submissions”.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, the proposed subsections 9(14), (15) and (18) of the Hospital Labour Disputes Arbitration Act refer to the parties’ obligation to file final written submissions with the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this proposed change is to ensure consistent use of the phrase “final written submissions.”

The Chair (Mr. Bob Delaney): Any further discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Number 148, government motion. Mrs. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 9(19) of the Hospital Labour Disputes Arbitration Act, as set out in subsection 4(3) of schedule 30 to the bill, be amended by striking out “Subsections (1.1), (1.6) and (1.7)” at the beginning and substituting “Subsections (1.1), (1.5) and (1.6)”.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsection 9(19) of the Hospital Labour Disputes Arbitration Act refers to requirements applying to a decision of the Ontario Labour Relations Board in circumstances where a matter is referred to the Ontario Labour Relations Board. The purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 9(1.4), (1.5), (1.6) and (1.7).

The Chair (Mr. Bob Delaney): Any further discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Finally in this section, we have an NDP motion. Ms. Forster.

Ms. Cindy Forster: I move that subsection 4(3) of schedule 30 to the bill is amended by adding the following subsections as subsections (26) and (27) of the Hospital Labour Disputes Arbitration Act:

“Limited application if multiple parties

“(26) If more than one trade union or more than one employer have agreed to participate jointly in bargaining and arbitration, subsections (4) to (25) do not apply with respect to any local issues that are the subject of the joint bargaining and arbitration, except after arbitration about any central issues that are the subject of the joint bargaining and arbitration has concluded.

“Referral date for local issues

“(27) With respect to any local issues that are the subject of joint bargaining and arbitration, the referral date shall be deemed to be the date on which bargaining and arbitration about any central issues that are the subject of joint bargaining and arbitration concludes.”

The Chair (Mr. Bob Delaney): Thank you. And just for clarity, on subsection (26), would you just read the first line one more time?

0930

Ms. Cindy Forster: “If more than one trade union and more than one employer have agreed to participate....”

The Chair (Mr. Bob Delaney): Thank you. Any discussion on that?

Ms. Cindy Forster: Yes. The hospital sector and the nursing home sector for many years have participated in a different arbitration system than firefighters, police and other groups that have the right to actually go to arbitration, as opposed to the right to strike.

In the hospital sector, the central process happens first. I would say 90% of the hospitals participate in the central bargaining process—maybe even more than that; maybe 95%. The parties agree; they set out a memorandum of agreement for joint bargaining between the unions and the employer on what’s included in central bargaining and what’s included in local bargaining.

They go through the central process. They often may agree to do a mediation/arbitration process, so that they perhaps get a deal and don’t even have to go to arbitration. It certainly saves a lot of money for the taxpayer, participating in a central process, because instead of having 180 or 200 hospitals or 200 nursing homes each going to an individual arbitration, it’s done once.

Once the central part is agreed to, or there is an award, then the local part starts. Those are local issues that both employers and unions want dealt with at a local table because they’re specific to that particular nursing home or to that particular hospital. You don’t want those kinds of issues actually determined at a central table. Many times it takes a year or a year and a half, sometimes two years, to actually get the central part resolved; then the local part starts. That’s really the more important part, because it actually is about the working lives of employees. It’s about how your vacation gets scheduled; it’s about how you call into work or how your paycheque arrives. It’s all of the things that affect the day-to-day work of hospital employees and nursing home employees, so it’s very important to those people to be able to have time in this process to be able to negotiate the local issues. That’s why we’re actually looking for the clock to start ticking again at the 16-month point.

Very often, most of those local issues get settled at the table. They don’t even end up going to arbitration. I can tell you, for example, last year in the nursing home bargaining, there were very few out of the almost 200 nursing homes that participate that even went to an arbitration table, because the time was given to allow those things to settle.

I’m hoping that you’ll take another look at this and support this amendment.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: The government’s recommendation is to vote against this motion for the reason that motion 145, which we just passed, would address the issue of central and local bargaining raised in this particular motion; that is, 149.

The proposed changes in government motion 145 would extend each timeline by four months. Specifically, the motion would amend timelines referenced as follows: 12 months to 16 months, 11 months to 15 months and 10 months to 14 months. This extended timeframe would address time concerns associated with central and local bargaining within the proposed framework and provide more flexibility in how central and local bargaining could occur; that is, both local and central bargaining could occur concurrently or sequentially, before or after central bargaining.

The Chair (Mr. Bob Delaney): Thank you. Any further discussion?

Ms. Cindy Forster: I understand that the amendment was made to try and address that, but it doesn’t. It doesn’t address it because, in fact, the central bargaining process generally takes 18 months to two years, and so it doesn’t really give any time for that local process to occur, and it never happens at the same time; it always happens after the central process is completed.

The Chair (Mr. Bob Delaney): Mr. Prue.

Mr. Michael Prue: If there is an expert at this table on this, it has to be Ms. Forster. That was her job before she came here. She understands this process inside out. If she’s telling you that’s the way it is, that’s the way it is. I suggest that the government should listen, because we do need that extra little time frame set aside to make sure that all those small local issues are properly heard and in some cases adjudicated upon.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

Shall schedule 30, section 4, as amended, carry? In my opinion, the section carries.

We are considering schedule 30, section 5; in your package, government motion number 150. Ms. Piruzza.

Ms. Teresa Piruzza: I move that subsection 17.1(2) of the Hospital Labour Disputes Arbitration Act, as set out in section 5 of Schedule 30 to the bill, be amended by striking out “Subsections 9(1.4) to (1.7)” at the beginning and substituting “Subsections 9(1.4) to (1.6)”.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, the purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 9(1.4), (1.5), (1.6) and (1.7).

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your package, numbered 151, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 17.1(3) of the Hospital Labour Disputes Arbitration Act, as set out in section 5 of schedule 30 to the bill, be struck out and the following substituted:

“Same

“(3) If the referral date falls on or after March 27, 2012 but before the day on which the Strong Action for Ontario Act (Budget Measures), 2012 receives royal Assent,

“(a) the parties shall make their final written submissions to the board of arbitration on or before the date that is 15 months after the date of royal assent, not as provided in subsection 9(4); and

“(b) the board of arbitration shall give its decision on or before the date that is 16 months after the date of royal assent, not as provided in subsection 9(5).”

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Chair, the purpose of this amendment is to make the text consistent with the amendment proposed regarding subsections 9(4), (5), (6) (7), (8) and (9).

The Chair (Mr. Bob Delaney): Further discussion? Mr. McNaughton.

Mr. Monte McNaughton: I think the purpose of this amendment is again we're seeing the government kick their decisions down the road. This motion extends the length of time for decisions to be rendered by the arbitrator from 12 months to 15 months. We've been consistent on this. We're not going to support this and we hope that the committee doesn't support this proposed amendment as well.

The Chair (Mr. Bob Delaney): Okay, understood. This will be my first suggestion during the day: Let's all be really careful about the language. Dull is good.

Mr. Monte McNaughton: Sorry, Chair. I said that the government was kicking decisions down the road. That's it, and it's true.

The Chair (Mr. Bob Delaney): Okay. Let's just be really careful about the language.

Mr. Yasir Naqvi: A recorded vote, Chair.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

There being no further proposed amendments to section 5 of schedule 30, shall schedule 30, section 5, as amended, carry? All those in favour? All those opposed? The schedule carries, in my opinion.

Interjection.

0940

The Chair (Mr. Bob Delaney): I'm sorry, the clerk points out that I may have counted too quickly. Can we please have that vote again? We're considering schedule 30, section 5. All those in favour? All those opposed? In my opinion, the section carries, as amended.

There are no proposed amendments to schedule 30, sections 6, 7 and 8. Permission to consider them together?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 30, sections 6, 7 and 8, carry? In my opinion, the sections carry.

We're considering schedule 30, as amended. In our packages, there is a notice numbered 152. Mr. Prue.

Mr. Michael Prue: Yes. As indicated by Ms. Horwath yesterday, the NDP will be voting against four additional schedules, of which this is one. They all relate to the arbitration process. This should come as no surprise. We believe that the Hospital Labour Disputes Arbitration Act should be held in the same esteem as the acts relating to the paramedics and to the firefighters, which this committee has already deleted, so we will be voting against this schedule.

Further on that, motion 149, which was defeated, was central to our possible support of this section—or schedule, excuse me. I'm using the right word: It's schedule, yes—

The Chair (Mr. Bob Delaney): Oh, good. I'm glad I'm not the only one who does that.

Mr. Michael Prue: Yes, that's a Bob Delaney-ism there. I meant “schedule”—because we felt that it was absolutely important to allow the flexibility in the bargaining process to go beyond the central stage and into the local stage, and that would further compound our reason for not supporting this. Therefore, we will not be supporting this schedule and we ask the committee members to treat hospital workers and nurses, who work in often-dangerous circumstances, the same way as they have seen fit to treat firefighters and paramedics.

The Chair (Mr. Bob Delaney): Any further discussion before we vote on the schedule?

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): A recorded vote having been requested, shall schedule 30, as amended, carry?

Ayes

Naqvi, Piruzza, Wong.

Nays

Fedeli, Forster, McNaughton, Prue, Shurman.

The Chair (Mr. Bob Delaney): I declare the schedule lost.

We're considering schedule 31. There being no proposed amendments to sections 1 through 77, inclusive, may we consider sections 1 through 77, inclusive?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 77, inclusive, of schedule 31 carry? In my opinion, the sections carry.

Thank you all for your patience.

Shall schedule 31 carry? In my opinion, the schedule carries.

We'll now consider schedule 32. There are no proposed amendments to sections 1 and 2. Consider them both together? Okay.

Shall sections 1 and 2 of schedule 32 carry? In my opinion, they carry.

There is a proposed new section to schedule 32, numbered 2.1, PC motion number 153 in your packages. Mr. Shurman.

Mr. Peter Shurman: Thank you very much, Chair.

I move that schedule 32 to the bill be amended by adding the following section:

"Parliamentary assistants' salaries

"2.1(1) Despite subsections 3(4) and (5) of the Executive Council Act, any amounts payable out of the consolidated revenue fund in respect of parliamentary assistants' salaries shall not be paid for that purpose but may instead be applied to reduce the province's debt and deficit.

"Same

"(2) Subsection (1) no longer applies after the next balanced budget of Ontario is presented."

The Chair (Mr. Bob Delaney): Thank you. This amendment attempts to indirectly amend the Executive Council Act, which is not open in the bill, and therefore I rule it out of order.

Mr. Peter Shurman: Point of order, then, if I may. This is under the aegis of the interim appropriations act and all payments made by government—

The Chair (Mr. Bob Delaney): Mr. Shurman, I am sorry on this one, because we're going to run tight on time here—

Mr. Peter Shurman: Chair, I have to have an opportunity to speak, because you may be in conflict of interest here.

The Chair (Mr. Bob Delaney): As prescribed in standing order 121(a), "No debate shall be permitted on any decision of the Chair."

Mr. Peter Shurman: And as prescribed in standing order 27, "No member is entitled to vote upon any ques-

tion in which he or she has a direct pecuniary interest, and the vote of any member who has such an interest shall be disallowed." You are the Chair and you yourself receive this salary.

The Chair (Mr. Bob Delaney): Shall the Chair's ruling be appealed to the Speaker?

Mr. Peter Shurman: Absolutely.

The Chair (Mr. Bob Delaney): All those in favour of appealing the Chair's ruling to the Speaker, please raise your hand.

All those opposed, please raise your hand.

I declare Mr. Shurman's request to appeal to the Speaker lost, and the Chair's decision will stand.

There are no amendments proposed to sections 3, 4 and 5. Shall we consider sections 3, 4 and 5 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 3, 4 and 5 of schedule 32 carry? In my opinion, the sections carry.

In your package, at number 154, is a proposed new section 5.1. It is a PC motion. Mr. Shurman.

0950

Mr. Peter Shurman: Thank you very much, Chair. It's a long one.

I move that schedule 32 to the bill be amended by adding the following section:

"Restriction re payments for air ambulances

"5.1(1) Despite any other provision of this act, no amount may be paid out of the consolidated revenue fund under this act in respect of the sub-item referred to as 'Air Ambulance' under item 1412-2 set out in the estimates and supplementary estimates for 2012-13 until a select committee of the assembly is established in accordance with this section.

"Composition

"(2) The committee must be composed of nine members, four of whom are members of the party forming the government, three of whom are members of the party forming the official opposition and two of whom are members of the third party.

"Chair

"(3) The Chair of the committee must be elected by the committee members from among those committee members who are members of a recognized party in opposition to the government.

"Terms of reference

"(4) The committee is authorized to investigate and report on questions raised, directly or indirectly, with regard to the government of Ontario's oversight, governance and accountability mechanisms for,

"(a) Ontario's air emergency system as a whole;

"(b) Ontario's air ambulance agency, commonly known as Ornge, and its subsidiaries and affiliates; and

"(c) the emergency health services branch of the Ministry of Health and Long-Term Care.

"Same

"(5) The committee is also authorized to investigate and report on the following matters:

"1. Structural and operational issues at Ornge that have affected, or continue to affect, the quality of patient care and crew safety, and how to address those issues.

"2. The receipt and use of funds by Ornge and its subsidiaries and affiliates, including matters of executive compensation and procurement.

"3. The role that ministers, political advisers and public servants have played in decisions, operations, advice and negotiations about any of these matters.

"4. The role that lobbyists, consultants, lawyers and other external parties have played in decisions, operations, advice and negotiations about any of these matters.

"5. Such other matters as the committee considers relevant.

"Power re recommendations

"(6) The committee may make recommendations, based on its findings of fact, to prevent mismanagement of Ontario's air emergency system and to prevent misuse of the public resources provided for it. For example, the recommendations may address any of the following matters:

"1. Options for strengthening Ontario's air emergency system for patients and for front-line staff of the air ambulance agency.

"2. The adequacy of the current accountability framework for Ontario's air emergency system as a whole.

"3. Changing the governance, accountability and transparency measures that apply to Ornge and to Ontario's air emergency system as a whole in order to strengthen public oversight.

"4. Extending the application of the Freedom of Information and Protection of Privacy Act and the Public Sector Salary Disclosure Act to all aspects of Ornge and its subsidiaries and affiliates.

"5. Amending accountability legislation in order to enhance compliance and enforcement.

"6. Possible findings of fault and sanctions against current or former ministers, political advisers, public servants, lobbyists, consultants, lawyers and other external parties.

"Other powers

"(7) In order to undertake its study and develop its recommendations, the committee has all of the powers of a standing committee and is authorized to do the following:

"1. Meet at its discretion, from place to place, at the call of the Chair. The committee is authorized to meet whether or not the assembly is in session and for as many hours per day as the Chair considers necessary.

"2. Conduct public hearings where it deems necessary. If the committee decides to travel, each caucus is permitted to bring no more than two staff to provide policy, research and communications support.

"3. If public hearings are conducted in Toronto, allow participation globally by means of Web conference, teleconference and video-conference arrangements.

"4. Adopt any procedures and methods that the committee considers expedient for conducting its study and developing its recommendations.

"5. Compel the production of papers relating to its terms of reference.

"6. Compel the attendance of witnesses and examine them under oath.

"Report

"(8) The committee shall report its recommendations to the assembly as soon as is reasonably possible at the conclusion of its investigation and, if the assembly is not sitting, shall deposit its report with the Clerk.

"Committee survives prorogation

"(9) If the committee does not report its recommendations to the assembly before the session is prorogued, the committee survives the prorogation and it may continue to meet despite the prorogation. Any evidence adduced and documents received may be brought forward to the following session.

"Interpretation

"(10) Expressions used in this section have the same meaning as in the standing orders of the Legislative Assembly of Ontario unless the context requires otherwise."

The Chair (Mr. Bob Delaney): Thank you. Given the nature of this particular proposal, the Chair will declare a short recess while we confer with legislative counsel.

The committee recessed from 0955 to 1014.

The Chair (Mr. Bob Delaney): Let's come back to order, please and thank you.

Before the Chair called the recess, Mr. Shurman had moved number 154 in your package. The Chair wished to just confer with legislative legal counsel. The amendment is beyond the scope of the bill, as it introduces a concept that is foreign to the principle of the bill that was agreed upon at second reading, and I therefore rule the amendment out of order.

We'll now consider section 6 of schedule 32. We have a PC amendment at number 155 in your package. That would be Mr. Shurman.

Mr. Peter Shurman: Well, given the ruling that you've just given us, I believe that this becomes moot, Chair.

The Chair (Mr. Bob Delaney): Okay. So this is either out of order or withdrawn.

Mr. Peter Shurman: Consider it withdrawn.

The Chair (Mr. Bob Delaney): There being no amendments proposed in either sections 6 or 7, may we consider the two of them together? Yes. Shall schedule 32, sections 6 and 7, carry? In my opinion, both sections carry.

There have been no amendments approved to schedule 32. Shall schedule 32 carry? Schedule 32, in my opinion, carries.

We are now considering schedule 33. In sections 1 to 3 of schedule 33, there are no amendments proposed. May we consider sections 1 to 3 of schedule 33 together? Yes. Shall sections 1, 2 and 3 of schedule 33 carry? In

my opinion, the sections carry. Shall schedule 33 carry? In my opinion, schedule 33 carries.

We'll consider schedule 34. In section 1 of your package at number 156, we have a PC motion. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 1 of schedule 34 to the bill be amended by adding the following subsection:

“(2) Section 15 of the act is amended by adding the following subsections:

“Performance agreement

“(3) If the minister delegates powers or duties under subsection (1), the minister and the delegate shall enter into a performance agreement setting out measurable performance goals and objectives for the delegate.

“Annual performance assessment

“(4) Every year, the delegate shall prepare a performance assessment demonstrating that the performance goals and objectives set out in the performance agreement are being met.

“Failure to meet performance goals, etc.

“(5) If the minister believes that a delegate has failed to meet the performance goals and objectives set out in the performance agreement, the minister shall give the delegate written notice of his belief and require that the delegate fulfill the requirements of the performance agreement within such time period as may be specified in the notice.

“Failure to comply

“(6) If a delegate fails to comply with a notice given under subsection (5), the minister may terminate the performance agreement and revoke the delegation made under subsection (1).”

The Chair (Mr. Bob Delaney): Thank you. Any discussion on this? Mr. Fedeli.

Mr. Victor Fedeli: This amendment adds a measurable performance agreement for the delegate when the minister delegates his or her powers or duties under subsection (1), and this will require a performance review that is to be public.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? In my opinion, the amendment carries.

Shall schedule 34, section 1, as amended, carry? In my opinion, the section carries.

We're considering schedule 34, section 2, in your packages at number 157, an NDP motion: Mr. Prue.

Mr. Michael Prue: I move that subsection 23.1(1) of the Lakes and Rivers Improvement Act, as set out in subsection 2(1) of schedule 34 to the bill, be struck out and the following substituted:

1020

“Plans for operation and management

“(1) If the minister considers it necessary or expedient for the purposes of this act, the minister may order the owner of a dam or other structure or work that has been constructed on a lake or river, or a person who has applied under sections 14 or 16 for an approval to construct, alter, improve or repair a dam, other structure or work on

a lake or river, to, in accordance with the regulations and with guidelines approved by the minister,

“(a) prepare or amend a plan for the operation and maintenance of the existing or proposed dam, other structure or work; or

“(b) participate in the preparation or amendment of a plan referred to in clause (a).”

The Chair (Mr. Bob Delaney): Thank you. Any discussion?

Mr. Michael Prue: Yes. By way of discussion, this motion would reinstate the ability of the minister to ensure that plans for operation and maintenance of dams or other structures are effective by ensuring they are prepared in accordance with guidelines and regulations.

What this schedule does is it removes that responsibility from the minister to actually follow guidelines and regulations. I've been advised by one group by the name of Ecojustice—I think they put it succinctly. I'd just like to read the rationale they gave to me that certainly convinced me, which was:

“Currently under LIRA, section 23.1, the minister may order the owner of an existing or new dam to prepare or amend a management plan for the operation and maintenance of a dam, in accordance with the regulations and with guidelines approved by the minister. A proposed amendment to this section would remove the requirement that the management plan be prepared in accordance with regulations and guidelines. This broadens the discretion of the minister in what is required in a management plan. At the same time, it does not provide guidance or ensure consistency with respect to what is required in a management plan.”

So I would move this amendment.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry?

Mr. Peter Shurman: Recorded vote.

The Chair (Mr. Bob Delaney): Recorded vote requested.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

The Chair (Mr. Bob Delaney): I declare the amendment carried.

Interjection.

Mr. Michael Prue: Then why did you want it recorded?

Mr. Peter Shurman: We have our reasons.

Interjections.

Mr. Peter Shurman: We want a select committee for Ornge.

The Chair (Mr. Bob Delaney): And now I can truthfully say that that's out of order.

Moving along, then, shall schedule 34, section 2, as amended, carry? In my opinion, the section carries.

Mr. Peter Shurman: Chair, we withdraw the next amendment.

The Chair (Mr. Bob Delaney): Please note that, in your package, number 158, PC motion on schedule 34, section 3, has been withdrawn.

There being no proposed amendments to schedule 34, section 3, shall schedule 34, section 3, carry? In my opinion, the section carries.

We're considering schedule 34, section 4. In your package, number 159, a PC amendment: Mr. McNaughton.

Mr. Monte McNaughton: I move that section 4 of schedule 34 to the bill be struck out and the following substituted:

"Commencement

"4(1) Subject to subsection (2), this schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.

"Same

"(2) Sections 1 to 3 come into force on a day to be named by proclamation of the Lieutenant Governor."

The Chair (Mr. Bob Delaney): Any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, our recommendation is that the members of the committee vote against this particular motion. The proposed motion will result in implementation delays that will reduce the government's ability to find savings immediately. The delay will create uncertainty regarding when the proposed related changes in the budget bill will come into force, if at all.

The Chair (Mr. Bob Delaney): Any further discussion?

Shall the amendment carry?

Mr. Yasir Naqvi: No.

The Chair (Mr. Bob Delaney): All those in favour? All those opposed? There being a tie vote, it's the convention of the Chair that the status quo will remain, and I declare the motion lost.

There being no amendments to schedule 34, section 4, shall schedule 34, section 4, carry? In my opinion, the section carries.

We are now ready to consider schedule 34 in total. In your packages is a notice from the NDP at number 160—

Mr. Peter Shurman: A five-minute recess?

The Chair (Mr. Bob Delaney): A five-minute request. If you recess, we've got to come back and vote. Is there any discussion before you request a recess?

Mr. Peter Shurman: I'll be happy to have the five-minute recess after the vote if the Chair wishes to extend that latitude.

The Chair (Mr. Bob Delaney): Okay.

Mr. Peter Shurman: Either way.

The Chair (Mr. Bob Delaney): All right.

Mr. Michael Prue: In terms of discussion, I would ask my colleagues to ignore 160.

The Chair (Mr. Bob Delaney): Okay. Invocation of the new category established yesterday of "ignore": Please ignore number 160.

May we then proceed to the vote on schedule 34 following—

Mr. Peter Shurman: Can we have our five-minute recess now?

The Chair (Mr. Bob Delaney): You can absolutely have a five-minute recess now. There will be a five-minute recess before the vote. We will see you back here at 10:32.

The committee recessed from 1027 to 1032.

The Chair (Mr. Bob Delaney): Thank you, everyone. Let's get back to work. I'm very conscious of the time, and I think I speak for everybody when I say that we would actually like to conclude all of our deliberations on the budget bill before we get to the 2 o'clock part where all of the amendments are deemed moved. So, as I said to everybody yesterday, please treat time as if you were a chess player. There is only a finite amount of it, and we would like it not to run out on us.

We are considering schedule number 34, as amended. Shall schedule 34, as amended, carry? In my opinion, the schedule carries.

We move to consideration of schedule 35. Sections 1 to 21, which represent the totality of schedule 35, have no amendments proposed. Shall we consider sections 1 to 21 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 to 21 of schedule 35 carry? In my opinion, the sections carry.

We are now ready to consider schedule 35. In your package, there is a notice from the NDP at number 161. Mr. Prue.

Mr. Michael Prue: Yes. This one I'm going to ask you not to ignore. This is consequential to schedule 28, which was passed by the committee yesterday and on which the New Democratic Party members voted no. Because it is consequential, we believe that we cannot support it. I am fully mindful of the fact that my colleagues from both other parties supported 28 and are likely to support this, but we do not.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Once again, I'm disappointed by the comments that I'm hearing from Mr. Prue in regard to schedule 35. As I had mentioned in regard to schedules 6, 7 and 13 yesterday when I was seeking unanimous consent to have them reopened, the purpose of this particular schedule, similar to those schedules, is to operationalize the flexibility that is required to complete the modernization of the land registration system as contemplated by the passage of schedule 28 that relates to ServiceOntario. So the passage of this particular schedule is important because it will allow for the actual implementation of schedule 28, which was voted by this committee possible. Therefore, I urge all members of the committee, and especially those of the NDP, to vote in support of the passage of schedule 35.

The Chair (Mr. Bob Delaney): Any further discussion? Mr. Prue.

Mr. Michael Prue: It is precisely for the reasons enunciated by Mr. Naqvi that we are voting no. As he said, this is going to allow schedule 28 to be imple-

mented, and we disagree with that. But we know full well what's going to happen, and no one should take any umbrage. We are prepared for the vote and for the outcome.

The Chair (Mr. Bob Delaney): The Chair is particularly gratified to see the discussion focus on the issue and not the people, and I do want to thank both of you for that.

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): A recorded vote has been requested.

Ayes

McNaughton, Naqvi, Piruzza, Wong.

Nays

Forster, Prue.

The Chair (Mr. Bob Delaney): In my opinion, the schedule carries.

Here come your votes, folks. We're considering schedule 36 to the bill. There are no proposed amendments to the sections in schedule 36. May I have your consent to consider sections 1 through 98, inclusive, together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 98, inclusive, of schedule 36, carry? In my opinion, they carry.

Bear with us a moment or two.

We'll now move to consideration of schedule 36, which is unamended. In your packages at number 162 is a note from the New Democratic Party. Mr. Prue?

1040

Mr. Michael Prue: Yes, for the same reasons enunciated in the previous vote, although this deals with the Land Titles Act, as opposed to the Land Registration Reform Act. The rationale and the reasons are exactly the same. I would expect that the rationale and the reasons of my colleague opposite will be the same and the vote will be the same, but we feel compelled to say it.

The Chair (Mr. Bob Delaney): Is there further discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Chair, I think we just cannot assume how the vote is going to take place and give our reasons based on that, but the member opposite from Beaches-East York is entitled to his view and I disagree with that respectfully. I want to reassert that, in light of the fact that schedule 28 was passed by this committee, the removal of this schedule would not allow for the operational flexibility required to complete the modernization of the land registration system and would create inconsistencies and gaps in the application of the interdependent land registration statutes and will inhibit cost-effective service delivery. Therefore, I strongly urge all members of this committee, in light of the fact that schedule 28 is now passed, as amended, to pass this

schedule 36 so that schedule 28 could be made operational.

The Chair (Mr. Bob Delaney): Are there any further comments?

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): A recorded vote having been requested, shall schedule 36 carry?

Ayes

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

Nays

Forster, Prue.

The Chair (Mr. Bob Delaney): In my opinion, the schedule carries.

We will move to consideration of schedule 37. Sections 1, 2 and 3 contain no proposed amendments. Shall we consider sections 1, 2 and 3 together?

Shall schedule 37, sections 1, 2 and 3 carry? In my opinion, the sections carry.

There being no proposed amendments to schedule 37, shall schedule 37 carry? In my opinion, the schedule carries.

We'll move to consideration of schedule 38. Schedule 38, section 1, in your packages at number 163, a PC amendment. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 1 of schedule 38 to the bill be amended by adding the following subsection:

"(2) Section 61 of the act is amended by adding the following subsections:

"Salary, members of executive council

"(1.3) Until the public accounts for a fiscal year indicate that the province did not have a deficit for the year, the annual salary of every member of the executive council shall be determined with reference to the annual salary of a member of the assembly that was in effect on March 26, 2009, despite subsection 3(4.1) of the Executive Council Act.

"Same

"(1.4) Subsection (1.3) ceases to have effect on the day the applicable public accounts are laid before the assembly.

"Interpretation, deficit

"(1.5) For the purposes of subsection (1.3), the province is considered not to have a deficit for a fiscal year if the expenditures of the province for the fiscal year do not exceed the revenues for the year."

The Chair (Mr. Bob Delaney): This amendment attempts to indirectly amend the Executive Council Act, which is not open in the bill, and I therefore rule it out of order.

There being no further amendments to schedule 38, section 1, shall schedule 38, section 1, carry? In my opinion, the schedule carries.

There is a proposal for a new section, a section 1.1, in your package at number 164, a PC motion. Mr. Shurman.

Mr. Peter Shurman: I move that schedule 38 to the bill be amended by adding the following section:

“1.1 The act is amended by adding the following section:

“Select committee on Ornge

“Select committee

“109(1) A select committee of the assembly shall be established with the composition, terms of reference, powers and duties described in this section.

“Composition

“(2) The committee must be composed of nine members, four of whom are members of the party forming the government, three of whom are members of the party forming the official opposition and two of whom are members of the third party.

“Chair

“(3) The Chair of the committee must be elected by the committee members from among those committee members who are members of a recognized party in opposition to the government.

“Terms of reference

“(4) The committee is authorized to investigate and report on questions raised, directly or indirectly, with regard to the government of Ontario’s oversight, governance and accountability mechanisms for,

“(a) Ontario’s air emergency system as a whole;

“(b) Ontario’s air ambulance agency, commonly known as Ornge, and its subsidiaries and affiliates; and

“(c) the emergency health services branch of the Ministry of Health and Long-Term Care.

“Same

“(5) The committee is also authorized to investigate and report on the following matters:

“1. Structural and operational issues at Ornge that have affected, or continue to affect, the quality of patient care and crew safety, and how to address those issues.

“2. The receipt and use of funds by Ornge and its subsidiaries and affiliates, including matters of executive compensation and procurement.

“3. The role that ministers, political advisers and public servants have played in decisions, operations, advice and negotiations about any of these matters.

“4. The role that lobbyists, consultants, lawyers and other external parties have played in decisions, operations, advice and negotiations about any of these matters.

“5. Such other matters as the committee considers relevant.

“Power re recommendations

“(6) The committee may make recommendations, based on its findings of fact, to prevent mismanagement of Ontario’s air emergency system and to prevent misuse of the public resources provided for it. For example, the recommendations may address any of the following matters:

“1. Options for strengthening Ontario’s air emergency system for patients and for front-line staff of the air ambulance agency.

“2. The adequacy of the current accountability framework for Ontario’s air emergency system as a whole.

“3. Changing the governance, accountability and transparency measures that apply to Ornge and to Ontario’s air emergency system as a whole in order to strengthen public oversight.

“4. Extending the application of the Freedom of Information and Protection of Privacy Act and the Public Sector Salary Disclosure Act to all aspects of Ornge and its subsidiaries and affiliates.

“5. Amending accountability legislation in order to enhance compliance and enforcement.

“6. Possible findings of fault and sanctions against current or former ministers, political advisers, public servants, lobbyists, consultants, lawyers and other external parties.

“Other powers

“(7) In order to undertake its study and develop its recommendations, the committee has all of the powers of a standing committee and is authorized to do the following:

“1. Meet at its discretion, from place to place, at the call of the Chair. The committee is authorized to meet whether or not the assembly is in session and for as many hours per day as the Chair considers necessary.

“2. Conduct public hearings where it deems necessary. If the committee decides to travel, each caucus is permitted to bring no more than two of its own staff to provide policy, research and communications support.

“3. If public hearings are conducted in Toronto, allow participation globally by means of Web conference, teleconference and video-conference arrangements.

“4. Adopt any procedures and methods that the committee considers expedient for conducting its study and developing its recommendations.

“5. Compel the production of papers relating to its terms of reference.

“6. Compel the attendance of witnesses and examine them under oath.

“Report

“(8) The committee shall report its recommendations to the assembly as soon as is reasonably possible at the conclusion of its investigation and, if the assembly is not sitting, shall deposit its report with the Clerk.

“Committee survives prorogation

“(9) If the committee does not report its recommendations to the assembly before the session is prorogued, the committee survives the prorogation and it may continue to meet despite the prorogation. Any evidence adduced and documents received may be brought forward to the following session.

“Interpretation

“(10) Expressions used in this section have the same meaning as in the standing orders of the Legislative Assembly of Ontario unless the context requires otherwise.”

1050

The Chair (Mr. Bob Delaney): Thank you. The Chair has had an opportunity to confer with the legal counsel on this. The amendment is beyond the scope of the bill, as it introduces a concept that is foreign to the principle of the bill that was agreed upon at second reading, and I therefore rule the amendment out of order.

Interjection.

The Chair (Mr. Bob Delaney): Oh, I like that. Nice try.

There are no amendments proposed for schedule 38, section 2. Shall schedule 38, second 2, carry? In my opinion, the section carries.

There have been no amendments to schedule 38. Shall schedule 38 carry? In my opinion, the schedule carries.

We are now considering schedule 39. There are two sections to schedule 39. Neither has a proposed amendment. May we consider sections 1 and 2 together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 to schedule 39 carry? In my opinion, the sections carry.

Shall schedule 39 carry? In my opinion, the schedule carries.

We are now at schedule 40. There are no amendments proposed to sections 1 through 9, inclusive. Shall we consider sections 1 through 9, inclusive, together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 9, inclusive, carry? In my opinion, the sections carry.

There are no amendments proposed to schedule 40. Shall schedule 40 carry? In my opinion, the schedule carries.

We are now considering schedule 41. There are no amendments proposed to sections 1 and 2. Consider the two together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 carry? In my opinion, the sections carry.

In your package, at number 165, for schedule 41, section 3, is an NDP motion. Ms. Forster?

Ms. Cindy Forster: I move that section 11.1 of the Ministry of Infrastructure Act, 2011, as set out in section 3 of schedule 41 to the bill, be amended by adding the following subsection:

“Exception

“(1.1) However, the minister cannot transfer to another minister or to a crown agency the control of an interest in real property owned or leased, directly or indirectly, by the Ontario Northland Transportation Commission unless a report setting out the details of the proposed transfer is laid before the assembly and the assembly passes a resolution authorizing the proposed transfer.”

The Chair (Mr. Bob Delaney): Mr. Fedeli?

Mr. Victor Fedeli: Thank you, Chair. I am going to vote against this, and I'm quite surprised that the motion was even presented. As we look at the GO Transit contract that was not given to Ontario Northland last year, all

of the communities up and down the line, all of the mayors, all of the chambers of commerce and in fact every union member that I ever met said to me, “We’ve got to get Ontario Northland out of the Ministry of Northern Development and Mines and into the Ministry of Transportation.” That has been said by the union leaders, including right here at our committee hearings only a week ago in this very room on those very chairs. That’s exactly what they asked for: that Ontario Northland be transferred from one ministry to another. This motion would absolutely block that from happening easily. So I am absolutely going to encourage my members and all members to vote against this.

The Chair (Mr. Bob Delaney): Okay, thank you. Mr. Bisson?

Mr. Gilles Bisson: Effectively, if this motion was adopted, it would kill the privatization of ONTC. I urge members of this committee to vote for it. There’s a choice to be made. I know where we stand as New Democrats on this: We’re opposed to the privatization of ONTC. I guess the true Conservative colours are coming out. They’re in favour of privatization. So vote with me, Mr. Fedeli and Conservatives, and you can help do what northern Ontario wants.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: Chair, I’m going to raise a point of order that you rule that this motion is out of order as it is outside of the scope of schedule 41. Schedule 41 deals only with real property under the control of the Minister of Infrastructure. The Minister of Infrastructure does not control the Ontario Northland Transportation Commission, nor any property or assets held by the commission. The motion therefore seeks to deal with real property that is outside the scope of schedule 41. Property held by the Ontario Northland Transportation Commission is held pursuant to the provisions of the Ontario Northland Transportation Commission Act.

Interjections.

The Chair (Mr. Bob Delaney): Can I have a little order in the committee while the speaker continues. Thank you.

Mr. Yasir Naqvi: Thanks, Chair.

There are no provisions in the budget bill with respect to the Ontario Northland Transportation Commission Act, the Ontario Northland Transportation Commission or any other real property owned or leased by the Ontario Northland Transportation Commission. As a result, Chair, it’s my assertion that the amendment is beyond the scope of the budget bill and is therefore out of order, and I await your ruling.

The Chair (Mr. Bob Delaney): The Chair will take a 10-minute recess while this point is considered.

Mr. Michael Prue: We would ask for unanimous consent to just hear it.

The Chair (Mr. Bob Delaney): I’m sorry?

Mr. Michael Prue: We would ask for unanimous consent to have it heard.

The Chair (Mr. Bob Delaney): To have what heard?

Mr. Michael Prue: This amendment.

Mr. Gilles Bisson: We're asking for unanimous consent that it be allowed to stand in the bill.

The Chair (Mr. Bob Delaney): We haven't ruled on it. Mr. Naqvi has raised a point of order. The Chair needs a recess to seek some advice on the point of order.

We're in recess for 10 minutes.

The committee recessed from 1057 to 1113.

The Chair (Mr. Bob Delaney): Let us come back to order. After some detailed discussion with legislative counsel on item number 165 in your package, the motion moved by Ms. Forster, I am prepared to render my ruling. This amendment is beyond the scope of the bill as it introduces a concept that is foreign to the principle of the bill that was agreed to at second reading. I therefore rule the amendment out of order.

Mr. Michael Prue: Given the Chair's ruling, I would seek unanimous consent to have this heard.

Mr. Gilles Bisson: To be able to vote on it.

The Chair (Mr. Bob Delaney): Mr. Prue has asked unanimous consent to have the amendment heard. Is there unanimous consent?

Interjections.

The Chair (Mr. Bob Delaney): I heard a no.

We are considering schedule 41, section 3, which now has no proposed amendments and, indeed—let's see. I request permission to consider schedule 41, sections 3, 4 and 5, none of which have a proposed amendment. Do I have that permission?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Shall schedule 41, sections 3, 4 and 5, carry? In my opinion, the sections carry.

There have been no amendments to schedule 41. Shall schedule 41 carry? In my opinion, the schedule carries.

We'll move to consideration of schedule 42. Sections 1, 2 and 3 have no proposed amendments. Consider the three together? Shall sections 1, 2 and 3 of schedule 42 carry? In my opinion, the sections carry.

In your package, at number 166, for schedule 42, section 4, is a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 11.1 of the Ministry of Revenue Act, as set out in section 4 of schedule 42 to the bill, be amended by adding the following subsection:

"Publication in Gazette

"(2.1) If the minister enters into a memorandum of understanding or agreement under subsection (2), the following information must be published in The Ontario Gazette:

"1. The name of the ministry or public body that is party to the memorandum of understanding or agreement.

"2. The services that the minister will provide to the ministry or public body.

"3. The term of the memorandum of understanding or agreement."

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: Our recommendation is to vote against this motion. The information described in clauses 1 and 2 of the proposed motion would be prescribed by

regulation as provided for in the amendment under section 5 of schedule 42. As a result, the motion duplicates making public information that will in part be made public through the regulation.

The Chair (Mr. Bob Delaney): Further discussion?

Mr. Monte McNaughton: Our amendment requires the minister to provide notice in the Gazette when the minister enters into an agreement of when the ministry will provide services. The notice must include what public body, the terms of the agreement and what services the ministry will perform.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment carries.

Shall schedule 42, section 4, as amended, carry? In my opinion, the section carries.

Sections 5 and 6 contain no proposed amendments. Consider them together? Shall schedule 42, sections 5 and 6, carry? Carried.

Shall schedule 42, as amended, carry? In my opinion, the schedule carries.

We are considering schedule 43. There are no amendments proposed to sections 1 and 2. Consider the two together? Shall sections 1 and 2 carry? In my opinion, the sections carry.

Shall schedule 43 carry? In my opinion, the schedule carries.

We'll consider schedule 44—a new section to schedule 44. In your packages, at number 167, is a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that schedule 44 to the bill be amended by adding the following section:

"0.1 Subsection 6.1(2.3) of the Niagara Escarpment Planning and Development Act is repealed and the following substituted:

"Exception

"(2.3) Despite subsection (2.2), an application, request or proposal to redesignate land in the Niagara Escarpment plan to the land use designation of minor urban centre, urban area or escarpment recreation area of the Niagara Escarpment plan or to amend the Niagara Escarpment plan to permit urban uses may be considered as part of the review conducted under section 17 and the consultations conducted under subsection 17(2). However, such an application, request or proposal must be included in the amendments to the plan proposed by the minister under subsection 17(3) in order for the amendment to go forward for consideration in accordance with subsections 17(4) and (5)."

1120

The Chair (Mr. Bob Delaney): Thank you very much. This amendment attempts to amend a section of the act that is not currently open, and I therefore rule the amendment out of order.

We'll move to the consideration of schedule 44, section 1. I'm advised by the clerk that the order in which the documents appear in your package should be changed and it should go 170, 168, 169. Mr. Shurman?

Mr. Peter Shurman: Point of order. The Progressive Conservative Party wishes to withdraw 168, 169 and 170.

The Chair (Mr. Bob Delaney): Thank you. Items 168, 169 and 170 are withdrawn.

Following the withdrawal of the motions and the ruling that the government motion is out of order, schedule 44 is thus unamended. Schedule 44 contains two sections. May we consider the two sections together? Yes. Shall section 1 and section 2 of schedule 44 carry? In my opinion, the sections carry.

Shall schedule 44 carry? In my opinion, the schedule carries.

We're considering schedule 45. There are three sections to schedule 45. May we consider the three sections together? Yes. Shall sections 1, 2 and 3 of schedule 45 carry? In my opinion, the sections carry.

There are no amendments proposed to the preamble. Shall the preamble to schedule 45 carry? Carried.

Shall schedule 45 carry? Carried.

We are now considering schedule 46. Section 1 to schedule 46 contains no proposed amendment. Shall section 1 carry? In my opinion, section 1 carries.

In section 2 of schedule 46, I have a PC motion, number 171 in your package. Mr. Fedeli.

Mr. Victor Fedeli: I move that section 2 of the bill be amended by adding the following subsection:

"(2) Section 15 of the act is amended by adding the following subsection:

"Considerations in making regulation

"(1.1) In making or amending a regulation under clause (1)(g.1), (g.2) or (g.3), the Lieutenant Governor in Council shall consider,

"(a) the ability of the province of Ontario to pay financial assistance under this act; and

"(b) the economic conditions that exist in Ontario at the time the regulation is made or amended, as the case may be."

The Chair (Mr. Bob Delaney): Any discussion? Mr. Fedeli? No?

Mr. Naqvi?

Mr. Yasir Naqvi: The government's recommendation to the committee members is to vote against this motion. The motion would likely have limited fiscal impact because the regulations that the Lieutenant Governor in Council would have the authority to make would not address the amount of the cap for most consumers, those not in multi-unit complexes and not subject to an exemption, which would be 3,000 kilowatt hours per month under section 1 of schedule 46. The Lieutenant Governor in Council may already consider many factors, including the fiscal state of the province, when making regulations.

We are not aware of any other aspects of the Ontario clean energy benefit program or other programs where the Lieutenant Governor in Council is directed to take such factors into account when making regulations relating to the administration of a program. It is not clear what minimum due diligence the Lieutenant Governor in Council would be required to undertake to satisfy the requirements that the proposed motion would impose.

Given the apparent lack of precedent and the ambiguities associated with satisfying the legal requirement imposed on the Lieutenant Governor in Council, there is a risk that accepting this motion could establish an undesirable precedent for future regulations.

Pursuant to the act, the Ontario clean energy benefit program is funded by voted appropriations, and thus the expenditure on the program is determined through the estimates and supply process. The Ontario clean energy benefit costs totalled \$300 million in 2010-11 and are estimated to total \$159 million in 2011-12 based on interim actual results. The projected cost in budget 2012 is \$170 million in 2012-13.

The Chair (Mr. Bob Delaney): Mr. Fedeli.

Mr. Victor Fedeli: This change on page 171 is all about transparency. This changes the appointments from a ministerial letter to the Lieutenant Governor in Council, and that makes them subject to legislative oversight.

The Chair (Mr. Bob Delaney): Any further discussion?

Shall the amendment carry? All those in favour, please raise their hands. All those opposed? In my opinion, the amendment is lost.

There are no amendments for sections 2, 3, 4, 5 and 6, inclusive. Shall sections 2 through 6—

Interjection.

The Chair (Mr. Bob Delaney): Let me restate that: There are no amendments proposed to sections 2 and 3, inclusive. Shall we consider sections 2 and 3 together?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 2 and 3 carry? Carried.

Shall schedule 46 carry? In my opinion, the schedule carries.

Mr. Peter Shurman: Chair?

The Chair (Mr. Bob Delaney): Mr. Shurman?

Mr. Peter Shurman: I wish to withdraw the forthcoming amendment 172.

1130

The Chair (Mr. Bob Delaney): Is that the only one?

Mr. Peter Shurman: It's the only one I'm withdrawing, for now.

The Chair (Mr. Bob Delaney): Make it a point of order. It makes my life easier.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Point of order, Mr. Shurman.

Mr. Peter Shurman: The Progressive Conservative Party wishes to withdraw our amendment 172 under the forthcoming schedule 47 for consideration.

The Chair (Mr. Bob Delaney): Notice is given that number 172 is withdrawn.

We'll consider schedule 47. There are no amendments to sections 1 and 2. May we consider the two of them together? Okay. Shall sections 1 and 2 carry? In my opinion, the sections carry.

There is one amendment proposed for section 3, a PC amendment. Mr. McNaughton.

Mr. Monte McNaughton: I move that section 3 of schedule 47 to the bill be struck out and the following substituted:

“Commencement

“(3(1) Subject to subsection (2), this schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives Royal Assent.

“Same

“(2) Sections 1 and 2 come into force on a day to be named by proclamation of the Lieutenant Governor.”

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi?

Mr. Yasir Naqvi: As stated earlier on similar motions, the government recommendation is to vote against this motion. The delay would create uncertainty regarding when the proposed related changes in the budget will come into force, if at all. Further, the motion would add an extra administrative step, causing an undesirable delay in implementation.

The Chair (Mr. Bob Delaney): Mr. McNaughton?

Mr. Monte McNaughton: We support this. It gives a date when the act will come into effect. It doesn't permit the government to let the act sit with council.

The Chair (Mr. Bob Delaney): Any further discussion? Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment is lost.

Shall schedule 7, section 3 carry? In my opinion, the section carries.

Just to quickly recap, there have been no amendments adopted in schedule 47. Shall schedule 47 carry? In my opinion, the schedule carries.

We're considering schedule 48. There are no amendments proposed to sections 1, 2 and 3. Consider sections 1, 2 and 3 together?

Shall sections 1, 2 and 3 carry? In my opinion, the sections carry.

Shall schedule 48 carry? In my opinion, the schedule carries.

We'll consider schedule 49. Schedule 49 has four sections. There are no proposed amendments to sections 1 through 4 inclusive. Consider sections 1 through 4, inclusive?

Mr. Yasir Naqvi: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 4, inclusive, of schedule 49 carry? In my opinion, the sections carry.

Shall schedule 49 carry? In my opinion, the schedule carries.

There is a new schedule 49.1 proposed in your package at number 174, a PC motion. Mr. McNaughton.

Mr. Monte McNaughton: I move that the bill be amended by adding the following schedule:

“Schedule 49.1

“Ontario Lottery and Gaming Corporation Act, 1999

“(1(1) Section 12 of the Ontario Lottery and Gaming Corporation Act, 1999 is amended by adding ‘Subject to subsection (2)’ at the beginning.

“(2) Section 12 of the act is amended by adding the following subsections:

““Same, casinos and charity casinos

“(2) The corporation shall not authorize a casino or charity casino to be established unless the corporation has taken the steps specified in the regulation and the conditions specified in the regulation have been met.

““Expansion

“(3) The requirements mentioned in this section for establishing a casino or charity casino at a specific location do not apply to expanding a casino or charity casino that has been established in accordance with this act if the expansion is done at that location.

““Definitions

“(4) In this section,

“““casino” means the part of a gaming site that is used for the purpose of playing or operating games of chance, but does not include a charity casino or slot machine facility; (“casino”)

“““charity casino” means a gaming site at which the betting limits and number of games of chance do not exceed the prescribed limit; (“casino de bienfaisance”)

“““game of chance” means a lottery scheme conducted and managed by the corporation,

“(a) that is played on or through a slot machine, or

“(b) that is played on tables or on wheels of fortune, including card games, dice games, roulette or keno, and includes all other lottery schemes that are prescribed; (“jeu de hasard”)

“““Regulation” means Ontario regulation 347/00 (Requirements for Establishing a Casino or Charity Casino) made under this act, except for subsection 4(5), as that regulation read on January 1, 2003; (“Règlement”)

“““slot machine facility” means a gaming site where games of chance are operated on or through a slot machine and includes the premises where services ancillary to the games of chance are provided, but does not include a casino or a charity casino. (“salle d'appareils à sous”)

““Commencement

“(2) This schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.”

Le Président (M. Bob Delaney): Merci beaucoup.

Mr. Monte McNaughton: And correct me if I'm wrong.

Le Président (M. Bob Delaney): Votre français n'était pas mal. Thank you very much.

This amendment attempts to add a new schedule to the bill that would amend an act that is not open in the bill, and I therefore rule the amendment out of order.

Mr. Monte McNaughton: Chair?

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: Can I seek unanimous consent to introduce this new schedule into the bill?

The Chair (Mr. Bob Delaney): Is there unanimous consent? I heard a no.

We are now considering schedule 50. There are no amendments proposed in sections 1 through 6, inclusive, of schedule 50. Shall we consider sections 1 through 6, inclusive, together? Okay.

Shall sections 1 through 6 of schedule 50 carry? In my opinion, the sections carry.

Shall schedule 50 carry? In my opinion, the schedule carries.

We'll consider schedule 51. Schedule 51 contains three sections with no amendments proposed. Shall we consider sections 1, 2 and 3 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1, 2 and 3 of schedule 51 carry? In my opinion, the sections carry.

Shall schedule 51 carry?

Mr. Yasir Naqvi: Chair?

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: I ask for a 20-minute recess. I'm sorry.

The Chair (Mr. Bob Delaney): Twenty minutes will take us up to 12 noon. Can we get you down to anything less?

Mr. Yasir Naqvi: Twenty-minute recess, Chair.

The Chair (Mr. Bob Delaney): You are entitled to a 20-minute recess. We will reconvene for the vote just before going to lunch at 12 noon.

Mr. Yasir Naqvi: We'll reconvene—

The Chair (Mr. Bob Delaney): We'll come back here to vote on schedule 51 just before we break for lunch at 12 noon. Vote first, eat later, just like your mom would tell you.

We've got a fair amount to go through. Can I get you back at 12:40?

Interjection.

The Chair (Mr. Bob Delaney): The clerk advises that the House gave us 9 to 12, 1 to whenever, so it's out of our hands. We'll see you back here at 1 o'clock. We're in recess.

The committee recessed from 1141 to 1301.

The Chair (Mr. Bob Delaney): Good afternoon, everybody, and for francophones like Mr. McNaughton, bon après-midi.

M. Peter Shurman: Bonjour, monsieur le Président. Nous sommes tous ici pour nos audiences.

M. Gilles Bisson: Et on est ici pour vous écouter, puis regarder le beau travail que vous faites comme Président de notre comité.

Le Président (M. Bob Delaney): Merci beaucoup.

M. Peter Shurman: Et pour faire du travail pour nos personnes de Hansard là-bas.

M. Gilles Bisson: Je vais essayer. Je pense que M. Shurman voulait dire qu'on applaudit le beau travail des mesdames de Hansard.

M. Peter Shurman: Exactement.

The Chair (Mr. Bob Delaney): It's true. We did not acknowledge the work of Hansard.

Mr. Peter Shurman: We're live on television and we're doing this stuff. Good afternoon to everybody out there.

The Chair (Mr. Bob Delaney): Well, I think what everybody out there can get is the fact that throughout all of these days and through the deputations, they can be

assured that the people they sent to Queen's Park have acted like responsible, mature adults in the committee. It has been, in fact, a real pleasure to chair you and I've enjoyed every moment of it.

Go ahead, Mr. Fedeli.

Mr. Victor Fedeli: Chair, in case I don't get a chance at the end of the day, on behalf of all the paper companies throughout northern Ontario, I want to thank you and the committee and all of the masses who are here. The paper companies throughout Kapuskasing and Iroquois Falls thank you for this production.

Interjections.

The Chair (Mr. Bob Delaney): While chaos reigns, a point of order from Mr. Shurman.

Mr. Peter Shurman: I just want to say that if we are going to thank the paper companies, we also ought to tip our hats to the legal profession.

The Chair (Mr. Bob Delaney): Of course. I am reminded of a comment attributed to the late Field Marshal Bernard Montgomery, who, following the war, came to the conclusion that wars will end when the opposing armies run out of paper.

Okay, let us come back to what is it that we were doing. If you can remember, we are sitting on our vote for schedule 51, which is unamended, and we are now at the vote. Shall schedule 51 carry? In my opinion, the schedule carries.

We are now at a PC motion proposing to add a new schedule, that being number 175 in your package, and that will be read by Mr. Fedeli.

Mr. Victor Fedeli: Thank you, Chair. I move that Bill 55 be amended—that should say “be amended,” I believe—by adding the following schedule:

“Schedule 51.1

“Ontario Northland Transportation Commission Act

“1. The Ontario Northland Transportation Commission Act is amended by adding the following section:

“Restriction re privatization

“(7.1)(1) The commission cannot exercise its authority under subsection 7(3) to discontinue an undertaking or cease to provide a service before a report under this section about the proposed action is laid before the assembly.

“Same, transfer of assets, etc.

“(2) The commission cannot exercise its authority under subsection 7(4) to transfer assets and liabilities to another person before a report under this section about the proposed action is laid before the assembly.

“Same, disposition by crown

“(3) The crown cannot dispose of all or part of its interest in the commission before a report under this section about the proposed action is laid before the assembly.

“Deadline

“(4) The report must be laid before the assembly no later than October 3, 2012.

“Report on proposed action

“(5) The report, to be commissioned by the Minister of Northern Development and Mines, must be prepared

by an independent third party and must include the following:

“1. An assessment of the future viability of the commission and its operations, in whole or in part, taking into account the potential for economic growth and other opportunities relating to the development of the area known as the northern Ontario Ring of Fire.

“2. An assessment of the economic impact of the proposed action in northern Ontario, including spinoff economic effects and the potential impact on jobs.

“3. Recommendations and options with respect to the proposed action and how the proposed action should be carried out.

“4. An assessment of the adequacy of the revenue to be received by the commission or by the crown, directly or indirectly, in connection with the proposed action.”

“Commencement

“2. This schedule comes into force on the day the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.”

Mr. Gilles Bisson: Chair, point of order.

The Chair (Mr. Bob Delaney): Mr. Bisson, on a point of order.

Mr. Gilles Bisson: Just by point of order, I want to intend that the New Democrats would be voting for this particular amendment.

Mr. Victor Fedeli: Chair?

The Chair (Mr. Bob Delaney): Before you go on, Mr. Fedeli, the amendment that you’ve just read attempts to add a new schedule to the bill, which would amend an act that is not open in the bill. I therefore rule the amendment out of order.

Mr. Victor Fedeli: Chair, I seek unanimous consent to have this motion heard and voted on.

Mr. Gilles Bisson: Agreed.

Mr. Yasir Naqvi: No.

The Chair (Mr. Bob Delaney): I heard a no.

Mr. Gilles Bisson: Point of order: On the record, New Democrats voted in the affirmation.

The Chair (Mr. Bob Delaney): It may be a point of privilege, but it’s not a point of order.

Mr. Gilles Bisson: Point of order: But it is in Hansard that we supported the call for unanimous consent, on the record.

The Chair (Mr. Bob Delaney): It is indeed. Thank you, sir.

We will now begin consideration of schedule 52. We have no amendments on schedule 52, sections 1, 2 and 3. May we consider sections 1, 2 and 3 together? Yes. Shall sections 1, 2 and 3 of schedule 52 carry? In my opinion, the sections carry.

We’ve got a little bit of work to do on schedule 52, section 4. Let’s begin with number 176 in your package. We have an NDP motion. Ms. Forster.

Ms. Cindy Forster: I move that subsection 2.7(11) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be struck out and the following substituted:

“Same

“(11) The written reasons must demonstrate that the arbitrator has considered the criteria set out in subsection (5), and may deal with other matters as the arbitrator considers appropriate.”

The Chair (Mr. Bob Delaney): Thank you. Just before we proceed, may I kindly ask that if we’ve got some conferences that involve a little bit of conversation, you take them at least a little further away from the speaker. That would be really nice. Please and thank you.

Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I think we’ve spoken about this particular motion before. Government motion 176 already addresses this motion by eliminating the word “proper” from the subsection. By removing the word “clearly,” as proposed here, it would mean that arbitrators would not have to demonstrate clear consideration of the criteria on which he or she receives submissions from a party.

The purpose of the proposed legislation is to increase accountability and transparency within the interest arbitration system while preserving the essential independence of the decision-making process.

The Chair (Mr. Bob Delaney): Ms. Forster.

Ms. Cindy Forster: As we said before in the other amendments that were around arbitration, we believe that our proposal provides more flexibility within the system, hence our amendment.

The Chair (Mr. Bob Delaney): Is there any further discussion on the amendment? Shall the amendment carry?

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): A recorded vote having been requested, all those in favour of the amendment?

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): The amendment is lost.

We move to number 177 in your package, a government motion. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsections 2.7(8), (9), (10) and (11) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be struck out and the following substituted:

“Submissions re criteria

“(8) A party shall make submissions to the arbitrator on any of the criteria set out in subsection (5) in respect of which the party intends to request written reasons from the arbitrator.

“Reasons

“(9) When the arbitrator gives a decision, he or she shall provide written reasons upon the request of either party.

“Same

“(10) The written reasons must clearly demonstrate that the arbitrator has considered the criteria on which a party has made submissions under subsection (8), and may deal with other matters as the arbitrator considers appropriate.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: The proposed subsections 2.7(8), (9), (10) and (11) of the Ontario Provincial Police Collective Bargaining Act, 2006, will require parties, unless they jointly agree otherwise, to provide submissions in each of the statutory criteria listed in the act and would require, upon the request of either party, an arbitrator to provide written reasons which clearly demonstrate that the arbitrator had given proper consideration to each of those criteria.

The proposed motion would amend those provisions to require a party to make submissions only on the criteria set out in the act in respect of which it intends to request written reasons from the arbitrator, and a corresponding requirement on an arbitrator to provide written reasons on the request of either party and to include in those reasons a clear demonstration that the arbitrator has considered the criteria on which he or she received submissions from a party.

The Chair (Mr. Bob Delaney): Further discussion? Mr. Prue.

Mr. Michael Prue: The discussion’s over. I need a five-minute recess to consider this.

The Chair (Mr. Bob Delaney): Okay. There being no further discussion, a five-minute recess is sought before the vote on number 177 in your package. We are in recess for five minutes and hopefully a little bit less.

The committee recessed from 1313 to 1316.

The Chair (Mr. Bob Delaney): Let’s come back to order. We are considering motion number 177.

Mr. Yasir Naqvi: Recorded vote, Chair.

Ayes

Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the motion carries.

In your package at 178, an NDP motion on the same section, section 4 of schedule 52. Mr. Prue.

Mr. Michael Prue: If I could seek the advice of the Chair, this was a consequential motion to 176, which was the NDP motion that has been defeated. We are not sure if it is consequential to 177. We would like to withdraw it unless it is consequential to 177. That’s what we’re not sure of.

The Chair (Mr. Bob Delaney): I think, in the interests of prudence, the Chair will just have a quick look at

it with the clerk and legal counsel. Sit tight. This will be a short recess.

The committee recessed from 1317 to 1322.

The Chair (Mr. Bob Delaney): Thank you for that most interesting legal challenge. The amendment under discussion, number 178 in your package, does not, in the opinion of our legal counsel, appear to be dependent on anything that has fallen or on anything either yet to come or passed, so it’s in order.

Mr. Michael Prue: If it’s in order, I’ll just move it.

I move that sections 2.3, 2.4, 2.5, 2.6, 2.7 and 2.8 of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be struck out and the following substituted:

“Transition

“2.3(1) This section applies only if schedule 52 to the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent.

“Same

“(2) Sections 5 and 6, as they read immediately before March 27, 2012, continue to apply if the referral date falls before March 27, 2012.”

The Chair (Mr. Bob Delaney): Any discussion, description?

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): Okay.

Mr. Prue, anything on that?

Mr. Michael Prue: No.

The Chair (Mr. Bob Delaney): All right.

Ayes

Fedeli, Forster, McNaughton, Prue, Shurman.

Nays

Naqvi, Piruzza, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

In your package, at number 179, we have a government motion. I am advised that number 179 is—all right. Ms. Piruzza, go ahead and move it.

Mrs. Teresa Piruzza: I have a feeling I know what you’re going to say when I’m done, but okay.

The Chair (Mr. Bob Delaney): I gave it away.

Mrs. Teresa Piruzza: I move that subsections 2.7(12), (13), (14), (16) and (17) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be struck out and the following substituted:

“Time for final submissions

“(12) If the arbitrator has not given his or her decision on or before the date that is 14 months after the referral date, each of the parties shall, on or before the date that is 15 months after the referral date, make its final written submissions to the arbitrator, including,

“(a) any submissions required by subsection (8); and

“(b) a list of any matters that the parties have already agreed upon.

“Time for decision

“(13) The arbitrator shall give his or her decision on or before the date that is 16 months after the referral date, unless an extension is obtained under subsection (16).

“Same

“(14) The 16-month deadline applies even if one or both of the parties fail to make final written submissions in accordance with subsection (12).

“Application to OLRB for extension

“(16) The parties may jointly apply to the Ontario Labour Relations Board for an order extending the 16-month deadline, and in that case the following rules apply:

“1. The application must be filed with the board before the 16-month deadline expires.

“2. The board,

“i. must deal with the application on an expedited basis,

“ii. may grant only one extension in each arbitration proceeding, and

“iii. may grant an extension only in exceptional circumstances.

“3. The extension, if granted, must not exceed two months after the date that is 16 months after the referral date.

“Termination of arbitrator’s appointment

“(17) The appointment of the arbitrator is immediately terminated if he or she fails to comply with the 16-month deadline and one of the following conditions exists:

“1. No application has been made for an extension.

“2. An application for an extension has been dismissed.

“3. An application for an extension has been granted but the arbitrator has not given his or her decision before the expiry of the extension period.”

The Chair (Mr. Bob Delaney): Thank you very much. In the previous amendment, we struck out section 2.7, which would render this motion out of order and, as such, it is out of order.

In your package at 180, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 2.7(21) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be amended by striking out “submissions that comply with subsection (8)” and substituting “any submissions required by subsection (8)”.

The Chair (Mr. Bob Delaney): For much the same reason as the previous government motion, that too is out of order as it proposes an amendment to a section that has previously been struck.

Government motion number 181. Ms. Piruzza.

Mrs. Teresa Piruzza: I move that subsection 2.7(27) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be amended by striking out “Subsections (5), (10),

(11) and (15)” at the beginning and substituting “Subsections (5), (9), (10) and (15)”.

The Chair (Mr. Bob Delaney): And as previously stated, as subsection 2.7 has been struck, that too is out of order.

In your package, number 182, a government motion. Ms. Wong.

Ms. Soo Wong: I move that subsection 2.8(4) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 4 of schedule 52 to the bill, be struck out and the following substituted:

“Same

“(4) If the referral date falls on or after March 27, 2012 but before the day on which the Strong Action for Ontario Act (Budget Measures), 2012 receives royal assent,

“(a) the parties shall make their final written submissions to the arbitrator on or before the date that is 15 months after the date of royal assent, not as provided in subsection 2.7(12); and

“(b) the arbitrator shall give his or her decision on or before the date that is 16 months after the date of royal assent, not as provided in subsection 2.7(13).”

1330

The Chair (Mr. Bob Delaney): For much the same reason earlier subsection (2.8) was struck, this amendment is also out of order.

Shall schedule 52, section 4, as amended, carry? In my opinion, the section carries.

In schedule 52, there are no changes proposed to sections 5, 6 and 7. May we consider sections 5, 6 and 7 together? Shall sections 5, 6 and 7 carry? In my opinion, the sections carry.

We’re considering schedule 52, section 8. We have an NDP motion. Mr. Prue.

Mr. Michael Prue: I move that section 10 of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in section 8 of schedule 52 to the bill, be struck out and the following substituted:

“Implementation of agreements

“10. The Minister of Government Services or such other minister as may be designated under the Executive Council Act for the purposes of this section shall by order implement agreements and awards made in accordance with the collective bargaining procedures available to public servants employed under part III of the Public Service of Ontario Act, 2006, who are represented by the association.”

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): Any further discussion? Just before we go to the vote, Mr. Prue, would you read, under 10, just the third line?

Mr. Michael Prue: “And awards made in accordance with the collective bargaining procedures applicable to public”.

The Chair (Mr. Bob Delaney): Thank you. No further discussion? We have a request for a recorded vote.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): I declare the amendment lost.

There being no amendments in schedule 52, section 8, shall schedule 52, section 8, carry? In my opinion, the section carries.

We're considering schedule 52, section 9. We have an NDP motion. Mr. Prue? Number 184 in your package.

Mr. Michael Prue: I move that clause 11(a) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in subsection 9(1) of schedule 52 to the bill, be struck out.

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): We have a request for a recorded vote.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): I declare the amendment lost.

In your package at 185, on the same section 9 of schedule 52, we have an NDP motion. Ms. Forster.

Ms. Cindy Forster: I move that clause 11(2)(a) of the Ontario Provincial Police Collective Bargaining Act, 2006, as set out in subsection 9(2) of schedule 52 to the bill, be struck out.

The Chair (Mr. Bob Delaney): Any discussion?

Mr. Yasir Naqvi: A recorded vote, Chair.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

Shall schedule 52, section 9, carry? In my opinion, the section carries.

In your package, at number 186, an NDP amendment: Ms. Forster.

Ms. Cindy Forster: I move that subsection 10(2) of schedule 52 to the bill be struck out.

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: A recorded vote.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

There are no remaining amendments to schedule 52, section 10. Shall schedule 52, section 10, carry?

Interjection.

The Chair (Mr. Bob Delaney): I heard a no. Let's take it again from the top. Let's make sure that—sorry, Ms. Forster.

Ms. Cindy Forster: Section 10, the arbitration section?

The Chair (Mr. Bob Delaney): Section 10, the section to which the previous amendment had been made and lost. There are consequently no amendments proposed to section 10 of schedule 52.

Ms. Cindy Forster: Is section 10 the arbitration section?

The Chair (Mr. Bob Delaney): I'm sorry. Again?

Ms. Cindy Forster: Is section 10 that you're wanting us to vote on the arbitration section?

The Chair (Mr. Bob Delaney): Let's just make sure.

For the purposes of precision in answering Ms. Forster's question, our legal counsel will provide some input.

Ms. Laura Hopkins: Section 10 of the schedule, which is on page 277 of the bill, relates to section 21 of the act. As you'll notice in section 10 of the schedule, the proposed subsection (3.1) refers to a number of provisions. The last one is section 2.7. Section 2.7 is one of the arbitration provisions that was struck out by an earlier amendment, so this section relates to the arbitration provisions.

The Chair (Mr. Bob Delaney): Did that answer your question?

Ms. Cindy Forster: It does, thank you.

The Chair (Mr. Bob Delaney): Okay, we have a request for a recorded vote. Shall schedule 52, section 10, carry? All those in favour? All those opposed? In my opinion, as no one has voted for the section, the section is lost.

We'll consider schedule 52, section 11. There are no proposed amendments. Shall schedule 52, section 11, carry?

Mr. Yasir Naqvi: Recorded vote.

Ayes

Naqvi, Piruzza, Wong.

The Chair (Mr. Bob Delaney): All those opposed? I declare the section carried.

We are now considering schedule 52, as amended.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): A recorded vote has been requested—

Mr. Michael Prue: We need a five-minute recess.

The Chair (Mr. Bob Delaney): —and so has a five-minute recess, that would be about 1:47 or earlier.

The committee recessed from 1342 to 1352.

The Chair (Mr. Bob Delaney): It's time to call the question. We are voting on schedule 52, as amended.

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): With a recorded vote requested.

Mr. Peter Shurman: What are we voting on?

The Chair (Mr. Bob Delaney): We're voting on schedule 52, as amended.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, schedule 52 is lost.

Mr. Peter Shurman: Liberals don't want to work.

The Chair (Mr. Bob Delaney): Somebody doesn't want to do something, and that's for the lawyers to figure out.

We are going to consider schedule 53. This one seems to be a relatively simple matter. There are no amendments proposed for sections 1 through 11, inclusive, which is all of schedule 53. Shall we consider sections 1 through 11, inclusive, of schedule 53?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 through 11, inclusive, carry? In my opinion, the sections carry.

Shall schedule 53 carry? In my opinion, the schedule carries.

We are now at schedule 54. Schedule 54: There are no amendments proposed for—

Mr. Monte McNaughton: Number 187.

The Chair (Mr. Bob Delaney): Yes, we know that. We're just looking it up here.

There are no amendments proposed to sections 1 and 2 of schedule 54. Consider sections 1 and 2 together?

Interjections: Yes.

The Chair (Mr. Bob Delaney): Shall sections 1 and 2 carry? Carried.

The Chair (Mr. Bob Delaney): There is one amendment proposed in section 3, a PC motion, number 187 in your package. Mr. McNaughton.

Mr. Monte McNaughton: I move that subsection 42(2) of the Personal Property Security Act, as set out in

subsection 3(1) of schedule 54 to the bill, be amended by striking out “minister” and substituting “Lieutenant Governor in Council”.

The Chair (Mr. Bob Delaney): Discussion? Mr. Naqvi?

Mr. Yasir Naqvi: Our recommendation to the committee members is to vote against this motion. Currently, the authority to appoint the registrar is with the minister. The minister typically appoints one registrar director to deal with issues across a number of statutes to ensure consistency of administration. This would necessitate cabinet approval instead of only a minister's approval, rendering the appointment approval process more lengthy. A registrar's appointment is typically made only every few years. The schedule as proposed would maintain the minister's current authority to appoint the position established in the statute. The motion before us will just create an additional burden in that whole process.

The Chair (Mr. Bob Delaney): Mr. McNaughton.

Mr. Monte McNaughton: We support this because it changes appointments from ministerial letter to the Lieutenant Governor in Council, making them subject to legislative oversight, so again, more transparency and accountability.

The Chair (Mr. Bob Delaney): Further discussion? Shall the amendment carry? All those in favour? All those opposed? As we have a tie, the Chair will revert to the status quo, which means that the amendment is lost.

Shall schedule 54, section 3, carry? Carried.

We can now consider schedule 54, sections 4 to 10. There are no proposed amendments for schedules 4 to 10. Shall we consider 4 to 10 together? Yes. Shall sections 4 to 10 carry? In my opinion, the sections carry.

Shall schedule 54 carry? In my opinion, the schedule carries.

Considering schedule 55, there are no amendments in sections 1 to 3. Shall we consider sections 1 to 3, which is the totality of schedule 55, together? Yes. Shall sections 1 to 3 carry? In my opinion, the sections carry.

Shall schedule 55 carry? In my opinion, the schedule carries.

In schedule 56, there are no amendments proposed for sections 1 and 2. Shall we consider the two together? Yes. Shall sections 1 and 2 carry? In my opinion, the sections carry.

We are considering section 3 of schedule 56. In your package, we are at number 188. We have an NDP motion. Mr. Prue.

Mr. Michael Prue: I move that subsection 122(5.6) of the Police Services Act, as set out in subsection 3(2) of schedule 56 to the bill, be struck out and the following substituted:

“Same

“(5.6) The written reasons must demonstrate that the arbitration board has considered the criteria set out in subsection (5), and may deal with other matters as the board considers appropriate.”

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: Chair, as I've stated earlier, the government recommendation is to vote against this motion. Government motion 189 already addresses this motion by eliminating the word "proper" from this subsection. Removing the word "clearly," as proposed here, would mean that an arbitrator would not have to demonstrate clear consideration of the criteria on which he or she receives submissions from a party. The purpose of the proposed legislation is to increase accountability and transparency within the interest arbitration system while preserving the essential independence of the decision-making process.

The Chair (Mr. Bob Delaney): Thank you. Further discussion?

Shall the amendment carry? All those in favour? All those opposed? I declare the amendment lost.

In your package at number 189, government motion. Mrs. Piruzza.

1400

Mrs. Teresa Piruzza: I move that subsections 122(5.3), (5.4), (5.5) and (5.6) of the Police Services Act, as set out in subsection 3(3) of schedule 56 to the bill, be struck out and the following substituted:

"Submissions re criteria

"(5.3) A party shall make submissions to the arbitration board on any of the criteria set out in subsection (5) in respect of which the party intends to request written reasons from the board.

"Reasons

"(5.4) When the arbitration board gives its decision or award, it shall provide written reasons upon the request of either party.

"Same

"(5.5) The written reasons must clearly demonstrate that the arbitration board has considered the criteria on which a party has made submissions under subsection (5.3), and may deal with other matters as the board considers appropriate."

The Chair (Mr. Bob Delaney): Discussion?

Mr. Yasir Naqvi: The proposed subsections 122(5.3), (5.4), (5.5) and (5.6) of the Police Services Act would require the parties, unless they jointly agree otherwise, to provide submissions on each of the statutory criteria listed in the act and would require, upon the request of either party, an arbitrator to provide written reasons which clearly demonstrate that the arbitrator had given proper consideration to each of those criteria.

The proposed motion would amend those provisions to require a party to make submissions only on the criteria set out in the act in respect of which it intends to require written reasons from the arbitrator, and a corresponding requirement on an arbitrator to provide written reasons on the request of either party and to include in those reasons a clear demonstration that the arbitrator has considered the criteria on which he or she receives submissions from a party.

The Chair (Mr. Bob Delaney): Any further discussion?

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): Recorded vote requested.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

We almost got it. The time is now past 2 o'clock.

Pursuant to the order of the House dated May 31, 2012, I am required to interrupt the proceedings and shall, without further debate or amendment, put every question necessary to dispose of all remaining sections of the bill and any amendments thereto.

From this point forward, those amendments which have not yet been moved shall be deemed to have been moved. Any division required shall be deferred until all questions have been put and taken in succession, with one 20-minute waiting period allowed pursuant to standing order 129(a).

That takes us to government motion—

Mr. Yasir Naqvi: Chair, just a point of clarification: Can we still ask for recorded votes at this stage, or no?

The Chair (Mr. Bob Delaney): Yes, you can ask for recorded votes, and the recorded votes are taken down and all held at the end.

Mr. Yasir Naqvi: Okay.

The Chair (Mr. Bob Delaney): One of the prerogatives of the Chair is, I think, to give everybody a chance to just sort of take a break because, with the next part, although it shouldn't be too long, there won't be much opportunity to give everybody a break. So we are going to be in recess for 15 minutes.

The committee recessed from 1405 to 1420.

The Chair (Mr. Bob Delaney): Welcome back. We are at number 190 in your packages, dealing with subsection 3(3) of schedule 56 to the bill, subsections 122(5.7), (5.8), (5.9), (5.10) and (5.11) of the Police Services Act.

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): This is deemed to be moved by Mr. Naqvi; a recorded vote has been requested.

Mr. Monte McNaughton: This is 190, for clarification?

The Chair (Mr. Bob Delaney): This is number 190.

So if it's a recorded vote, we're going to stand them all down until the end. Just remember that when you start asking for recorded votes.

We're at number 191 in your package, a government motion deemed moved by Mr. Naqvi, dealing with subsection 3(3) of schedule 56 to the bill, subsection 122(5.15) of the Police Services Act.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): We have a recorded vote requested.

Mr. Michael Prue: Are they all going to be recorded?

Ms. Cindy Forster: We might as well do them now if they're going to all be recorded.

Mr. Michael Prue: If they're all going to be recorded, let's just do them.

The Chair (Mr. Bob Delaney): Understanding what Mr. Prue has mentioned, there are some sections here where we can go through and do a lot of them together. Let's see how it goes.

Number 192, deemed moved by Mr. Naqvi, deals with subsection 3(3) of schedule 56 to the bill, subsection 122(5.21) of the Police Services Act.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): A recorded vote requested. So we're going to stand down schedule 56, section 3. We'll come back to it during recorded votes.

We're considering schedule 56, section 4. We have a government motion deemed moved by Mr. Naqvi, dealing with section 4 of schedule 56 to the bill, subsection 122.2(4) of the Police Services Act.

Mr. Yasir Naqvi: Recorded vote.

Ms. Cindy Forster: Would you mind just reading the number in the corner of the pages so that we all are on the same page?

The Chair (Mr. Bob Delaney): Oh, I'm sorry. I meant to say number 193. If I didn't say that, I apologize. I intend to say that for all of them, so if I miss one, just let me know and I'll do that.

We're at schedule 56, section 5. There are no amendments to schedule 56, sections 5, 6 and 7. Consider the sections together? Yes? Shall schedule 56, sections 5, 6 and 7, carry? In my opinion, they are carried.

For our vote on schedule 56, we will come back to that once we've dealt with the recorded votes.

We'll deal with schedule 57. There are no amendments to sections 1 and 2. Consider them both together? Yes. Shall sections 1 and 2 carry? In my opinion, the sections carry.

Shall schedule 57 carry? In my opinion, the schedule carries.

We'll deal with schedule 58, a government motion, number 195, deemed moved by Mr. Naqvi, dealing with subsection 1(4) of 58 to the bill, subsection 10(7) of the Provincial Parks and Conservation Reserves Act, 2006. All those in favour of the amendment? All those opposed? The amendment carries.

In your packages at number 196 is an NDP motion deemed moved by Mr. Prue. It deals with subsection 1(4) of schedule 58 to the bill, subsection 10(7) of the Provincial Parks and Conservation Reserves Act, 2006. Shall the amendment carry? All those in favour? All those opposed? The amendment is lost.

Shall schedule 58, section 1, as amended, carry? In my opinion, the section carries.

There are no amendments proposed to schedule 58, sections 2, 3, 4, 5 and 6. Consider them all as a block? Yes. Shall sections 2, 3, 4, 5 and 6 carry? In my opinion, the sections carry.

In your package at number 198 is a PC motion deemed moved—

Mr. Peter Shurman: Point of order: We'll withdraw that.

The Chair (Mr. Bob Delaney): Number 198 in your package is withdrawn.

We're looking at schedule 58, section 7 in your package at number 199, deemed moved by Mr. Shurman, dealing with section 7 of schedule 58 to the bill. Shall the amendment carry? All in favour of the amendment? All opposed? As there is a tie vote, the Chair will default to the status quo, and the amendment is lost.

Shall section 7 of schedule 58 carry? In my opinion, the section carries.

To move on in numerical order in your package, you may wish to look at the notice number 200.

1430

We'll now consider 58, as amended. Shall schedule 58, as amended, carry? In my opinion, the schedule carries.

We'll begin consideration of schedule 59. Schedule 59, number 201 in your package, deemed moved by Mr. Prue, deals with section 1 of schedule 59 to the bill, section 2 of the Public Lands Act. Shall the amendment carry? All those in favour? All those opposed? In my opinion, the amendment is lost.

We will now deal, in your package, with number 202, a PC motion deemed moved by Mr. Shurman. Shall the amendment carry? In my opinion, the amendment carries.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Mr. Shurman?

Mr. Peter Shurman: The next one, 203, is withdrawn.

The Chair (Mr. Bob Delaney): Thank you. At the moment, it's a little ahead of order.

Mr. Peter Shurman: I'm trying to be judicious.

The Chair (Mr. Bob Delaney): Okay. Shall schedule 59, section 1, as amended, carry? In my opinion, the section carries.

There are no proposed amendments to sections 2 and 3 of schedule 59. Shall the sections carry? Carried.

Mr. Shurman has withdrawn number 203 in your package.

Mr. Peter Shurman: That's correct.

The Chair (Mr. Bob Delaney): We are dealing with schedule 59, section 4 of the bill. In your package, number 204, is a PC motion, deemed moved by Mr. Shurman, dealing with section 4 of schedule 59 to the bill. Shall the amendment carry? All those in favour? All those opposed? There being a tie, the Chair will default to the status quo and the amendment is lost.

Shall schedule 59, section 4, carry? In my opinion, the section carries.

Shall schedule 59, as amended, carry? Carried.

We'll now deal with number 206 in your—I'm sorry. We're dealing with schedule 60. I'm getting a little ahead of myself. Actually, looking at the numbering, I'm getting way ahead of myself. Dealing with schedule 60, there are no amendments proposed to sections 1 through 6. May we consider sections 1 through 6 together? Shall sections 1 through 6 of schedule 60 carry? Carried. Shall schedule 60 carry? Carried.

We are going to deal with schedule 61. There are 55 sections in schedule 61. There are no amendments proposed for any of the sections. May I consider sections 1 through 55 together? Yes. Shall sections 1 through 55 of schedule 61 carry? Carried. Shall schedule 61 carry? In my opinion, the schedule carries.

We'll deal with schedule 62. There are six sections in schedule 62. There are no amendments proposed for any section in schedule 62. May we consider sections 1 through 6 together? Yes. Shall sections 1 through 6 of schedule 62 carry? Carried. Shall schedule 62 carry? Carried.

We're dealing with schedule 63. There are no amendments proposed for the five sections of schedule 63. Consider sections 1 through 5, inclusive, together? Yes. Shall sections 1 through 5 of schedule 63 carry? Carried. Shall schedule 63 carry? Carried.

There are no amendments proposed for sections 1 to 4 of schedule 64. Consider sections 1 to 4 of schedule 64 together? Yes. Shall sections 1 to 4 carry? Carried. Shall schedule 64 carry? Carried.

There are no amendments proposed for sections 1 through 4 of schedule 65. Consider sections 1 through 4 together? Yes. Shall sections 1 through 4 carry? Carried. Shall schedule 65 carry? Carried.

We're considering schedule 66. There are no amendments proposed for sections 1 through 9, inclusive. Consider sections 1 through 9, inclusive, together? Yes. Shall sections 1 through 9, inclusive, in schedule 66 carry? Carried. Shall schedule 66 carry? Carried.

1440

We're now considering schedule 67.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I just want to question the Liberals. Are you sure you don't want to withdraw this and stop scaring investors and such?

Mr. Yasir Naqvi: I'll let the Chair rule on that point of order.

The Chair (Mr. Bob Delaney): Well, it gives the Chair a chance to rest his voice.

We are considering schedule 67, section 1: government amendment number 206 in your package.

Mr. Peter Shurman: Recorded vote.

The Chair (Mr. Bob Delaney): And a recorded vote is requested.

This government amendment deemed moved by Mr. Naqvi deals with schedule 67, section 1 of the bill, section 2 of the Taxpayer Protection Act, 1999. We will stand down schedule 67 until the consideration of—actually, we can do one more thing in schedule 67. There are no amendments proposed to section 2. Shall section 2 carry? Carried. We'll stand down the remainder of schedule 67 pending resolution of amendment number 206 in your package.

We will now consider schedule 68. There are no amendments proposed for sections 1, 2 and 3 of schedule 68. Request permission to consider sections 1, 2 and 3

together? Yes. Shall sections 1, 2 and 3 of schedule 68 carry? Carried.

Section 4, number 207 in your package: An NDP motion deemed moved by Mr. Prue deals with subsection 4(1) of schedule 68 to the bill, subsection 10(2.4) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): We have a request for a recorded vote.

In your package at number 208 is a government motion deemed moved by Mr. Naqvi dealing with subsection 4(1) of schedule 68 to the bill, subsections 10(2.1), (2.2), (2.3) and (2.4) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): With a recorded vote requested.

In your package at number 209, a government motion deemed moved by Mr. Naqvi dealing with subsection 4(2) of schedule 68 to the bill, subsections 10(6), (7), (8), (9), (10) and (11) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): With a recorded vote requested.

In your packages, number 210: a government motion deemed moved by Mr. Naqvi dealing with subsection 4(2) of schedule 68 to the bill, subsection 10(15) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): With a recorded vote requested.

In your packages at number 211: a government motion deemed moved by Mr. Naqvi dealing with subsection 4(2) of schedule 68 to the bill, subsections 10(16), (17) and (20) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): We will deal with—oh, we've got one more.

Mr. Peter Shurman: Point of order.

The Chair (Mr. Bob Delaney): Mr. Shurman.

Mr. Peter Shurman: I'd just like to seek clarification. Between now and when we do these recorded votes, can we get counsel to confirm or advise whether the arbitration decision of the TTC recently awarded, which was 8% over four years, had been contemplated in the government's fiscal plan as outlined in this budget? We need to know that to vote correctly.

The Chair (Mr. Bob Delaney): At this point, there is no more debate, pursuant to the order of the House. It is probable that at some point following the consideration of this and before the recorded votes, the Chair may call a recess for you to consult whomever you feel appropriate.

Mr. Peter Shurman: I recognize how you're attempting to steer the ship through the waters, and I appreciate that response.

The Chair (Mr. Bob Delaney): Thank you.

We are at number 212 in your package. This is a government motion deemed moved by Mr. Naqvi dealing with subsection 4(2) of schedule 68 to the bill, subsection 10(21) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): A recorded vote. We will deal with schedule 68, section 4 following the resolution of the recorded votes requested.

We're dealing with schedule 68, section 5; in your package, at number 213, is a government motion deemed moved by Mr. Naqvi dealing with section 5 of schedule 68 to the bill, subsection 20.1(2) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): With a recorded vote requested. We will determine the disposition of schedule 68, section 5 once the recorded votes have been taken.

We are dealing with number 214 in your package, in schedule 68, section 6, a government motion deemed moved by Mr. Naqvi, dealing with section 5 of schedule 68 to the bill, subsection 20.1(3) of the Toronto Transit Commission Labour Disputes Resolution Act, 2011.

Mr. Yasir Naqvi: Recorded vote.

The Chair (Mr. Bob Delaney): Okay.

There are no amendments proposed to schedule 68, section 7. Shall the section carry? In my opinion, the section carries.

Mr. Yasir Naqvi: Chair, section 6 as well.

The Chair (Mr. Bob Delaney): Section 6 is where you have your last—

Mr. Yasir Naqvi: No, motion 214 deals with section 5.

The Chair (Mr. Bob Delaney): Oh, I'm sorry. You are correct. We've got a little typographical error in some of the documents here. I stand corrected. Please forgive the Chair. We'll do these just out of order.

There are no amendments proposed for schedule 68, section 6. Shall schedule 68, section 6, carry? In my opinion, the section carries. And when the recorded votes have been taken, we'll determine the disposition of schedule 68.

We are now considering schedule 69 of the bill. There are no amendments proposed for the 17 sections in schedule 69. May we consider sections 1 through 17 together? Shall sections 1 through 17 of schedule 69 carry? In my opinion, the sections carry. Shall schedule 69 carry? In my opinion, the schedule carries.

While the Chair and the clerk get ourselves organized for the recorded votes requested, the Chair is going to say a 10-minute recess.

The committee recessed from 1452 to 1457.

The Chair (Mr. Bob Delaney): Okay, ladies and gents, we've got a few recorded votes to do here. Let's take it from the top.

Number 190, dealing with schedule 56, section 3. Looking at 190, all those in favour?

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): The amendment carries.

Number 191 in your package: All those in favour?

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): The amendment carries.

Still in schedule 56, section 3, number 192 in your package. All those in favour?

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): The amendment carries.

Shall schedule 56, section 3, as amended, carry? The section carries.

We are dealing with number 193 in your package: schedule 56, section 4. Shall the amendment carry?

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): The amendment carries.

Shall schedule 56, section 4, as amended, carry? All those in favour? All those opposed? In my opinion, the section carries.

Shall schedule—

Mr. Yasir Naqvi: Recorded vote, Chair.

The Chair (Mr. Bob Delaney): You've already had your chance to—

Mr. Yasir Naqvi: On the overall schedule?

The Chair (Mr. Bob Delaney): Yes, you can request that. A recorded vote having been requested on schedule 56, shall schedule 56, as amended, carry?

Ayes

Naqvi, Piruzza, Wong.

Nays

Fedeli, Forster, McNaughton, Prue, Shurman.

The Chair (Mr. Bob Delaney): I declare the schedule lost.

In your packages, we are at number 206.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries. All the extra hands were out of order.

Shall schedule 67, section 1, as amended, carry? All those in favour? All those opposed? In my opinion, the section carries.

Shall schedule 67, as amended, carry? All those in favour? All those opposed? In my opinion, the schedule carries.

Mr. Peter Shurman: I believe we did call a recorded vote.

The Chair (Mr. Bob Delaney): Well, you couldn't have called a recorded vote on the entire schedule, because we hadn't gotten to that.

Mr. Peter Shurman: Can we have a recorded vote on it, then? I think it's pretty obvious what it is.

The Chair (Mr. Bob Delaney): Well, the vote has already happened.

Mr. Peter Shurman: All right. No sweat.

The Chair (Mr. Bob Delaney): I'll revert back to your comment about it being rather obvious who voted how.

We are at number 207 in your package. We're dealing with schedule 68, section 4.

Mr. Yasir Naqvi: Sorry, Chair, where are we now?

The Chair (Mr. Bob Delaney): We're at number 207 in your package. We're dealing with schedule 68, we're on section 4, and this is the NDP amendment to subsection 4(1) etc. etc.

Ayes

Forster, Prue.

Nays

Fedeli, McNaughton, Naqvi, Piruzza, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment is lost.

We are dealing now with number 208 in your package, still on schedule 68, section 4.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): I declare the amendment carried.

We're dealing with number 209 in your package, a government motion deemed moved by Mr. Naqvi.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Number 210 in your package, a government motion deemed moved by Mr. Naqvi.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): The amendment carries.

Number 211, a government motion.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Number 212 in your package, a government motion.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Shall schedule 68, section 4, as amended, carry? Carried.

In your package at number 213, we have a government motion.

Ayes

Fedeli, Forster, McNaughton, Naqvi, Piruzza, Prue, Shurman, Wong.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Shall schedule 68—

Interjection.

The Chair (Mr. Bob Delaney): The same typographical error. I couldn't read my own arrow.

In your package at number 214, a government motion.

Ayes

Forster, Naqvi, Piruzza, Prue, Wong.

Nays

Fedeli, McNaughton, Shurman.

The Chair (Mr. Bob Delaney): In my opinion, the amendment carries.

Shall schedule 68, section 5, as amended, carry? In my opinion, the section carries.

Mr. Peter Shurman: A recorded vote on the full section, please, Chair.

The Chair (Mr. Bob Delaney): A recorded vote on the full section?

Mr. Yasir Naqvi: I concur.

The Chair (Mr. Bob Delaney): Anybody not want a recorded vote on this?

Just to make sure that everybody knows what we're voting on, seeing as how everyone wants a record of it, we are voting on schedule 68, as amended.

Ayes

Naqvi, Piruzza, Wong.

Nays

Fedeli, Forster, McNaughton, Prue, Shurman.

The Chair (Mr. Bob Delaney): I declare the schedule lost.

Don't get wrapped up yet. Don't anybody go away yet. We are not done. As they say in software, the first 99% is easy. We haven't got much left.

Interjection.

The Chair (Mr. Bob Delaney): We're not quite there. We're not quite yet at the name.

If you go back to the actual bill, at the front of the bill, we stood down these sections so that we could consider the balance of the bill. Shall sections 1, 2 and 3 carry? Carried.

This is the part you didn't want to rush out of the room, just in case you missed.

Shall the title of the bill carry? Carried.

Shall Bill 55 carry?

Interjection: Carried.

The Chair (Mr. Bob Delaney): I'm sorry. Let me do that again because this is important.

Shall Bill 55, as amended, carry? I declare, in my opinion, the bill carries.

Shall I report the bill, as amended, to the House?

Interjection: Agreed.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, I thank you all for your time, and I especially thank and acknowledge all of the forbearance of the people from the different ministries who have enjoyed our company here at the back of the room. May you all have a good day, and I'm absolutely—

Mr. Yasir Naqvi: Point of order.

The Chair (Mr. Bob Delaney): Yes, Mr. Naqvi.

Mr. Yasir Naqvi: I just want to take this opportunity to thank you, first of all, for an excellent job that you've done as the Chair throughout the proceeding and keeping the decorum, the tone and the flow of the work. So thank you very much.

And through you to all the staff, especially the clerk, for their effort in making the work of this committee go so smoothly.

I also want to thank all the members for their co-operation. There were some heated exchanges, but I think we were all doing our job in order to ensure that we represent the people of Ontario.

As a small token of my appreciation, I have small cups of chocolate ice cream for all members of the committee and staff, which will be distributed very soon.

Mr. Peter Shurman: I'd like to add to that. I can't say very much. I certainly don't have any chocolate ice cream, and I want to make sure when I eat mine that I don't spit it out.

But I do want to say that in a very difficult—basically seven to eight months—period since we've been back in the House post-election, it hasn't been easy for anybody. We've had some very difficult moments in this committee, but at the end of the day, on a budget where clearly the parties do not agree and on a series of amendments where we're all over the road, we are able to go back to the House.

I think it'll be up to the finance minister and the Premier to say this, but I'm optimistic that nobody's going to the polls. I'm thrilled to be sitting and working with a number of people who, while coming from different directions, bring a degree of professionalism to their jobs and have demonstrated it for the past week and a half. Thank you all very much.

The Chair (Mr. Bob Delaney): Thank you. And Mr. Prue, have the last word.

Mr. Michael Prue: Yes, if I could say, I often wander the halls here and yell, "Another day in paradise." I must say that a few moments in this place were not exactly total paradise, but in the overall event we have come to a conclusion.

I trust, as Mr. Shurman has said, that there will not be an election. There need not be one. We have now a

budget that's been approved by committee. The last vote was unanimous to send it off to the House, and I'm hoping tomorrow that we can all come together, pass the budget and go on with the other business we have, which is committee reports and the like, over the summer, and serve the people of Ontario. Thank you very much.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, for whatever its strengths and failings may be, this committee has sent the Legislature of the province of Ontario a budget. We are adjourned.

The committee adjourned at 1513.

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Monday 9 July 2012

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Lundi 9 juillet 2012

Standing Committee on Finance and Economic Affairs

Automobile insurance review

Comité permanent des finances et des affaires économiques

Examen de l'assurance-
automobile

Chair: Bob Delaney
Clerk: Valerie Quioc Lim



Président : Bob Delaney
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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Monday 9 July 2012

Lundi 9 juillet 2012

The committee met at 0901 in room 151.

The Chair (Mr. Bob Delaney): Good morning, everybody. We're here to conduct a study of the auto insurance industry, pursuant to an order of the House dated May 31, 2012. What you have in front of you are the agendas for the next three days as well as the written submissions received to date.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Our first order of business is going to be the subcommittee report. Ms. Armstrong.

Ms. Teresa J. Armstrong: Your subcommittee met on Wednesday, June 20, 2012, and Thursday, June 21, 2012, to consider the method of proceeding on a review of the auto insurance industry, pursuant to the order of the House dated May 31, 2012, and recommends the following:

(1) That the committee meet for the purpose of public hearings in Toronto, Brampton, Windsor and Thunder Bay from July 9 to 12, 2012.

(2) That the minimum number of requests to appear to warrant travel to a location outside of Toronto be eight.

(3) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website and the CNW NewsWire service.

(4) That the committee clerk, in consultation with the Chair, post information regarding public hearings, for one day only, in a major newspaper in each of the cities in which the committee intends to meet. This is to include French newspapers where applicable.

(5) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 o'clock noon on Wednesday, July 4, 2012.

(6) That the deadline for written submissions be 4 p.m. on Thursday, July 12, 2012.

(7) That groups and individuals be offered 15 minutes for their presentation, followed by up to 10 minutes for questions by committee members.

(8) That expert witnesses, to be identified by subcommittee members, be offered 20 minutes for their presentation, followed by up to 10 minutes for questions by committee members.

(9) That the committee invite Philip Howell, chief executive officer and superintendent of the Financial Ser-

vices Commission of Ontario, to be offered two hours to make a presentation and answer questions.

(10) That the committee consider the requests to appear that were not scheduled to appear before the Standing Committee on General Government.

(11) That the committee clerk provide the subcommittee members a list of requests to appear at 9 a.m. on Tuesday, July 3, to be prioritized by 12 o'clock noon on the same day.

(12) That, if necessary, the committee clerk provide the subcommittee members the list of requests to appear at 12 noon on Wednesday, July 4, to be prioritized by 3 p.m. on the same day.

(13) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

(14) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the subcommittee report to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Bob Delaney): Thank you. Any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I just want to once again, on record, state my disappointment on this subcommittee report that does not contemplate travelling to Ottawa for the purposes of these consultations. During the subcommittee meetings, I vigorously argued that it's important that we also travel to Ottawa, which is the second-largest city in the province of Ontario and covers, obviously, the eastern Ontario region for the purposes of this committee. But repeatedly, the members of the PC and the NDP caucus voted against that particular suggestion.

The way it stands, Chair, the committee on government services has already spent two days in Toronto, and now this committee is spending a day in Toronto and another day in Brampton. We're looking at four days studying auto insurance in the greater Toronto area at the expense of another large region of eastern Ontario.

I just wanted to make sure that we have on record that it's regretful that this committee is not travelling to Ottawa to hear from the good people of eastern Ontario.

The Chair (Mr. Bob Delaney): Thank you. Any further discussion? Shall the subcommittee report be adopted? Okay.

AUTOMOBILE INSURANCE REVIEW

The Chair (Mr. Bob Delaney): Before we begin, I have an item that I'd like to bring to the committee's attention. On today's agenda, the last presenter is noted as a Ms. X. This presenter has requested to keep her identity confidential because she currently has an open claim, but she is fine with her presentation being on the record. We would therefore only have committee members and committee staff present during her presentation, but I need agreement from the committee to have this arrangement. Do we have agreement?

Mr. Yasir Naqvi: No.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: I'm a little challenged: This person wants to present anonymously? The reason behind that, Chair?

The Chair (Mr. Bob Delaney): The information that I have—and if you wish, we can defer this, to get a little bit more information, until the start of the afternoon. The presenter has requested to keep her identity confidential because she currently has an open claim.

Mr. Yasir Naqvi: "Open claim" means some sort of a legal proceeding?

The Chair (Mr. Bob Delaney): My understanding is yes.

Mr. Yasir Naqvi: I'm just a little concerned at the kind of strange position maybe the committee members would be put into, delving into a live legal matter. It may be prejudicial to her case and it may not be appropriate for this committee to be looking into that kind of issue. I don't know what your legal advice is, Chair, from your counsel, but it sounds rather odd to me.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Just to clarify, "open claim" just taken normally would mean that she's got a claim for her accident benefits or for an insurance claim, not necessarily a legal claim. That has not been specified, but if it's a claim, my understanding of that would be an insurance claim. In that case, it's incumbent on her to decide whether she feels comfortable doing so or not, and if she would like to remain anonymous just to provide her story about how her claim process is going, what the claim process is like or whatever her evidence may be, I think that it's not our job to determine whether or not she is putting herself at risk. She can be in an excellent position to decide that for herself. I think it's on the committee to decide whether or not there's an issue with someone testifying and wanting to remain anonymous. I don't think there's any issue at all with that. We can hear her story and hear what she has to say about her experiences.

The Chair (Mr. Bob Delaney): Okay. Ms. Munro and Mr. Yurek.

Mrs. Julia Munro: I just have a question. If there's an issue around anonymity, and you mentioned that it would just be the members of the committee present, does that mean Hansard is or is not present?

The Chair (Mr. Bob Delaney): The testimony would be recorded on Hansard, but the presenter's name would be listed as "Ms. X."

Mr. Yurek.

Mr. Jeff Yurek: I'm good. I was going to do a follow-up, and you answered it correctly.

The Chair (Mr. Bob Delaney): The Chair's concern here is that it is not entirely clear what an "open claim" is, and my concern would be not to have members placed in a situation in which they are commenting on what may possibly be a legal proceeding that is in progress. So I'd like to ask the committee's indulgence to clarify this and come back and re-present it after the lunch break, when we know a little bit more of the details.

Mr. Yasir Naqvi: That's fair, Chair.

FINANCIAL SERVICES COMMISSION OF ONTARIO

The Chair (Mr. Bob Delaney): Okay. We are now on our agenda. Our first presenter of the day will be the Financial Services Commission of Ontario. Welcome. Please take a seat and make yourselves comfortable. You're going to spend a little bit of quality time with us.

Mr. Philip Howell: Excellent.

0910

The Chair (Mr. Bob Delaney): Please begin by introducing yourselves for Hansard, and the floor is yours. Please commence.

Mr. Philip Howell: Thank you, Mr. Chair. My name is Philip Howell. I am the CEO of the Financial Services Commission of Ontario. I'd also like to introduce Tom Golfetto, the executive director of the auto insurance division at FSCO. Tom will be joining me in delivering this presentation and answering your questions today.

We're pleased to have the opportunity to present to the committee today. As you may know, we presented to the Standing Committee on General Government on private passenger auto insurance in Ontario in May. Some of the members present today were at those meetings. Today's presentation will cover some of the same ground but will also deal with the catastrophic impairment issue as well as provide additional comments on the issue of territorial rating.

Considerably more discussion of Ontario's auto insurance system and current issues is provided in a submission that has been tabled today with the committee. We will also be referring to a slide deck, which I believe has also been distributed.

To begin, I'd like just to present a few key facts about Ontario's auto insurance system. Auto insurance is mandatory in Ontario and has been since 1980. It is delivered to Ontarians by over 100 licensed companies. These companies compete for the business of nine million drivers, who drive 6.6 million insured vehicles.

Like most insurance, auto insurance is a product that most drivers will never have to draw on. The vast majority will never make a claim. Even fewer will make an accident benefits claim. In fact, according to Ministry of

Transportation data, the number of people injured in accidents each year has been falling. In 2009, the latest year for which data is available, only about 62,500 of Ontario's nine million drivers were injured in accidents. Of these, almost 60,000 suffered injuries that were categorized as only minimal or minor by the MTO definition.

All of those injured in accidents in Ontario have access to Ontario's generous auto insurance accident benefits. I believe it's important to understand, however, that these benefits do come at a price, and that price is paid for by drivers through their premiums. This is the way the Ontario auto insurance system works. It's a closed-loop system. In the simplest terms, this means that claims costs, including the costs of examining, assessing and treating accident victims, are paid for by drivers through their premiums. The higher the total claims costs, the higher the total premiums paid.

The challenge in designing and regulating the system is to maintain a balance between price and appropriate levels of coverage for the province's nine million drivers. Meeting that challenge has led to several system redesigns over the past 30 years, typically arising out of the need to stabilize rising costs and premiums.

The reforms that took effect on September 1, 2010, were in response to a number of troubling trends in claims experience and costs that emerged between 2006 and 2010 and which are illustrated in the slides that we distributed.

Slide 1 shows that while the number of personal injury collisions reported to the Ministry of Transportation from 2006 to 2009 decreased, the number of injury claims made during the same period increased. In addition, between 2006 and 2010, claims costs in Ontario increased by \$3 billion. That's illustrated on slide 2. During this period, the cost of an average claim increased by 43%. Accident benefits costs, the primary driver behind these increases, skyrocketed by 118%. This is illustrated on slide 3.

As noted in the Auditor General's 2011 report, in 2010 the average injury claim in Ontario was about \$56,000, almost five times more than the average injury claim in other provinces. Slide 4 illustrates the Auditor General's observation that our average accident benefits claims are significantly higher than the average claim in most other provinces. In fact, most provinces paid out less than a quarter of Ontario's benefits per claim, and there is no evidence supporting the case that auto accident injury patterns vary dramatically across Canada.

Slide 5 is also very telling. It shows that between 2006 and 2010, examination and assessment costs increased by 228%. Without the 2010 reforms, the cost of assessing those injured in accidents likely would have surpassed the cost of treating them in 2011. The most dramatic increase in costs has occurred in the GTA, where drivers continue to pay on average significantly higher premiums than drivers in other parts of Ontario.

As illustrated in slide 6, from 2006 to 2010 accident benefits costs in the GTA increased by 169%. In 2010 the average accident benefits claimed in the GTA was

\$63,400, almost one third higher than the \$48,000 cost per claim for the rest of the province—this, despite there being no evidence that injuries sustained in the GTA are more severe than in other parts of the province. This data suggests considerable abuse in the system, and some of that abuse is outright fraud.

The Ontario government appointed an Auto Insurance Anti-Fraud Task Force in 2011 to assess the extent and nature of the fraud in the province's auto insurance system and to recommend actions to reduce it. The task force examined trends in claims costs alongside anecdotal information from industry stakeholders and FSCO, and in its December 2011 interim report concluded that fraud in Ontario's auto insurance system, though it cannot be precisely quantified, is extensive, increasing and having a substantial impact on premiums. The task force is expected to provide a status update on its work to the government this summer, and it's also expected to release a final report in the fall.

In the years prior to the September 2010 reforms, the overutilization of accident benefits through misuse, abuse and apparent fraud was the primary driver behind increases in claims costs and premium increases. Many factors contributed to this overutilization and created imbalances in the system.

Currently, close to 30,000 health care providers are authorized to treat those injured in accidents in Ontario, and over 17,000 of these are members of regulated health care professions. These health care providers service accident victims at over 8,600 health care clinics in Ontario.

Prior to the September 2010 reforms, private health care practitioners were able to bill insurers for all sorts of services with almost no restrictions. Billing data suggest that some participants took advantage of the lack of controls and caps. In the month prior to the introduction of the reforms, health care providers flooded insurers with over 205,000 claims forms. In my view, they sought to take advantage one final time of a system with lax controls before their easy access to payments disappeared. Today, under 89,000 claims forms are being submitted per month, as reflected on slide 7.

Now, it is fair to note that insurers also may have contributed to overutilization in the system through inadequate claims management processes. To deal with the volume of claims they were receiving before reforms, some insurers were likely inappropriately approving requests for assessments in medical treatment. This lack of due diligence contributed to a sharp increase in the costs of exams, assessments and medical expenses between 2006 and 2010. But, as with all costs in the system, these were passed on to consumers through premium increases.

More evidence of overutilization can be seen in the dramatic increases in cases in the dispute resolution process at FSCO. In 2006 we received just over 13,000 requests for mediation; in 2011 we received almost triple that number. Looking at these numbers, one would think that between 2006 and 2010 there was a huge spike in Ontario accidents and that many involved severe injuries,

but the data for this time period shows the exact opposite is the case.

0920

Also worth noting is that almost 80% of these requests for mediation originated in the GTA, although only about 45% of the province's accidents occur in the GTA.

As mentioned earlier, the other factor contributing to increased costs, as identified by the anti-fraud task force, is extensive fraud in the system. This is evidenced by several recent cases involving staged collisions as well as multiple charges laid against health care clinics and individuals affiliated with these clinics who submit fake bills to insurers.

The 2010 reforms have addressed some of the root causes of many of the problems and issues I've spoken about, namely fraud and abuse in the system, as well as a lack of cost controls. They also introduced an element of choice for consumers to tailor their coverages according to their insurance needs, and I think this is important.

The reforms are working, and this is best seen in the fact that premiums are trending down. During the first quarter of 2012, premiums declined an average of 0.18%. Claims cost data for the first half of 2011, although preliminary, shows a decrease in loss costs for private passenger vehicles, particularly with respect to accident benefits costs. This data was tabled with the Standing Committee on General Government. Full-year data for 2011 is being finalized by the General Insurance Statistical Agency and is expected to be available shortly.

However, preventing a repeat of past cycles where periods of rate stability were often followed by claims costs and premiums increases requires more than just the reforms which took effect September 1, 2010. Recognizing this, the government implemented a number of longer-term initiatives to follow the September 2010 reforms and underpin achieving greater rate stability going forward. These initiatives focused on the accident benefits system and were based on the presumption that using scientific, outcome-based approaches was the best way to determine appropriate benefits for accident victims.

One example of this approach was the government direction to FSCO to have medical experts develop a new, medical, evidence-based minor injury treatment protocol. After an open, competitive RFP process, FSCO awarded a contract for this project last week, and work on the project will begin shortly. Once complete, the new protocol will provide a treatment protocol for treating soft tissue injuries based on the latest medical evidence as to the best treatments to ensure auto accident victims recover as quickly as possible from minor injury.

The government also directed FSCO to consult with medical experts on the definition of catastrophic impairment as set out in the statutory accident benefits schedule, often referred to as the SABS, and the necessary qualifications and experience for health care participants who conduct catastrophic impairment assessments. The current definition of catastrophic impairment was not developed through a formal, scientific, medical,

evidence-based approach. It was established in 1996 and has been relatively unchanged since.

In response to the government direction, I struck an expert medical panel in 2010, under the chairmanship of Dr. Pierre Côté, to review the definition. The expert panel delivered two reports in 2011, including recommendations on changes to the definition, as well as qualification and experience requirements for those who conduct catastrophic impairment assessments. The panel's reports were posted on our website and were followed by extensive consultations with stakeholders.

Following these consultations, I submitted my report, the Superintendent's Report on the Definition of Catastrophic Impairment, to the Minister of Finance. That report was publicly released by the ministry last month and recommends adopting refinements to the definition based on the medical and scientific evidence identified by the expert panel. The report accepts virtually all of the panel's recommendations. It does include some modifications based on operational and implementation issues identified during the stakeholder consultations.

Key recommendations set out in the report include automatic designation of catastrophic impairment for children who incur a serious brain injury in an auto accident; introduction of a new interim benefit of \$50,000 to ensure that seriously injured people have access to adequate medical care while the determination is made as to whether their injuries are catastrophic; and the use of new and updated clinical tools for the measurement of catastrophic impairment.

It is important to recognize that medical research in this area is ongoing, and for this reason, the definition of catastrophic impairment should be reviewed more regularly going forward than it has been in the past to ensure that it continues to be based on the best current medical evidence. The five-year reviews currently required under existing legislation are one obvious vehicle to accomplish this.

In response to comments that have been made about the proposed changes in the report, I wanted to clarify that these changes would actually increase the level of benefits available to individuals with serious and catastrophic injuries through the \$50,000 interim benefit. Individuals with serious injuries who do not qualify as catastrophic will continue to have access to one of the most generous accident benefits systems in Canada. If not at fault for the accident, these individuals are also eligible to sue for economic loss or health care losses that exceed their accident benefits coverage.

I would also like to point out that these individuals will not present a burden on the OHIP system, as some have suggested. The government recovers OHIP expenditures for auto accident victims through an annual assessment or levy paid by auto insurance companies. Insurance companies currently pay the government \$142 million annually to offset the use of OHIP expenditures incurred by auto accident victims. The government renegotiates this levy periodically.

Let's now quickly turn to FSCO's regulatory role. The legislation requires FSCO to carry out its regulatory activities in a way that protects the public interest and promotes public confidence in the auto insurance system. In my view, protecting the public interest means balancing the premiums that drivers pay while also ensuring that a competitive, viable insurance industry exists to provide coverage to drivers. The FSCO act, the Insurance Act and the Compulsory Automobile Insurance Act provide the legislative framework for this responsibility. We administer and enforce the legislation through underwriting rules, rates and risk classification approval processes; an accident benefits dispute resolution system; a market conduct and enforcement regime; and the administration of the motor vehicle accident claims fund.

Tom will now present a quick overview of how this process works.

Mr. Tom Golfetto: Thank you, Phil. As Mr. Howell mentioned, my name is Tom Golfetto. I am the executive director of the auto insurance division at FSCO.

Phil mentioned that auto insurance was a closed-loop system, which means that claims costs and insurer expenses are reflected in premiums. Insurance is priced for the coming year, and this means insurers are pricing it and consumers are buying it before claims costs for that year are known. It also means that in order to determine what rates to charge a consumer, insurers need to estimate how much they will need to cover the future costs.

Insurers submit proposed rate changes to FSCO for their approval, along with supporting actuarial data. FSCO and its actuaries review this data and insurers' assumptions regarding claims costs, expenses and investment income to ensure that the proposed rates are just and reasonable, not excessive, and not going to impair a company's long-term financial solvency.

In addition to claims and expenses, insurers must be allowed to make a profit. Return on equity, or ROE as it's known, is one factor that is used in considering the review of the reasonableness of the rates proposed, and an ROE benchmark of 12% is currently used in this process. The rationale here is that companies need to earn a return on invested capital to remain solvent.

I'd like to emphasize that this does not mean that insurers are guaranteed a 12% profit. In fact, it's been several years since companies have generated a 12% return on equity. The 12% is simply a benchmark that FSCO uses to ensure that companies are taking into account a return of capital in their rate applications. Having said that, given the cost of capital and interest rate trends since the ROE benchmark was last reviewed, the Auditor General recommended that FSCO review the 12% benchmark for ROE. FSCO has issued an RFP for a review of this benchmark this year.

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Among other things, this review will take into account the benchmarks used in other jurisdictions where auto insurance is privately delivered. It should be noted that in some of these other jurisdictions where auto insurance is

privately delivered, the current ROE benchmark ranges from 10% to 14%.

Consumers are not all charged the same rate for auto insurance. Premiums vary based on an individual's risk characteristics. Risk classification systems set out the factors that an insurer will use when setting the prices they charge for auto insurance. Under the Insurance Act, the risk classification system must be just and reasonable, be reasonably predictive of risk, distinguish fairly between the risks, and generally be in the public interest.

Risk classification systems include the driving record of the various drivers of the vehicle, where a person lives, the completion of a driver's training course, how much a person drives, how old the driver is and the number of years that they have been licensed, the vehicle use and the vehicle type.

It's worth noting that consumers do have some degree of control over some of these factors, such as the type of vehicle that they choose to drive and their driving record. Consumers are also urged to shop around for auto insurance. Since the cost of claims is a major driver behind auto insurance premiums, prices for the same coverage can vary dramatically based on each insurance company's claims experience in the marketplace.

Auto insurance rates are also affected by where a person lives. This is known as territorial rating and it recognizes that all vehicles within a given territory share similar risk posed by factors such as traffic density, weather, terrain and crime rates. Each company establishes its own territories based on its claims data and actuarial analysis. To establish a territory, insurance companies must provide actuarial evidence to FSCO demonstrating that claims costs are higher or lower in a proposed territory than the other existing territories. FSCO has guidelines that are designed to ensure that territory rating is conducted fairly.

Recently there has been some debate about the potential impacts of removing territorial rating criteria. If this were to happen, consumers' individual rates would vary dramatically from the rates they are currently paying, depending on where they live. For example, consumers in the GTA would see a reduction of about 23% in their premiums, or around \$400, while consumers in other communities could see increases ranging from 24% to 40%, or \$260 to almost \$400.

I've just mentioned several of the factors that impact how much a consumer can be charged for auto insurance. It's also important to note that under the Insurance Act there are several factors that insurance companies are prohibited from using to determine an individual's rates, such as credit history, employment status or not-at-fault accidents. The Insurance Act also imposes restrictions on what grounds an insurance company can use to refuse to sell insurance to consumers. These are known as underwriting rules.

Specifically, underwriting rules may not be subjective, be arbitrary, be contrary to public policy or bear little relationship to the risk. For example, insurance companies are prohibited from using factors such as age, sex

and marital status as the basis for refusing to sell a consumer auto insurance, although they can use these factors to determine how much a consumer will pay for it.

FSCO also monitors compliance with the Insurance Act, and it takes enforcement action against those who violate it. We regularly conduct audits of insurers to ensure their compliance with regulatory obligations. We also review complaints about individuals and companies that may have engaged in unfair, deceptive or illegal practices under the Insurance Act.

After reviewing these complaints, FSCO may decide that some matters need to be investigated. Following an investigation, if FSCO deems non-compliance with the Insurance Act and its regulations has occurred, it can lay charges under the Provincial Offences Act or take regulatory enforcement actions such as issuing a cease-and-desist order.

I'd like to note that FSCO does not have the power to review or investigate criminal matters, including fraud. Criminal offences must be pursued by the police. FSCO does, however, work co-operatively with law enforcement agencies and provide police with assistance in their investigation of certain criminal matters.

In addition, the Insurance Act was recently amended and will provide for administrative monetary penalties in the future. This tool will allow FSCO to deal with a wider variety of market conduct issues and abuses in the auto insurance system.

Now I'd like to turn it back over to Phil to offer some concluding remarks.

Mr. Philip Howell: Thank you, Tom. In closing, let me emphasize that the design and regulation of the auto insurance system must keep in mind the best interests of the driving public, the nine million Ontario drivers who want to pay a reasonable price for peace of mind and who will likely never have to make a claim.

While no one disputes that the 62,500 accident victims each year need access to appropriate treatment, all participants in the system cannot lose sight of the need to maintain balance between price and coverages. We have seen in the years prior to the reforms what happens when that balance is disrupted: Costs and premiums increase.

We also cannot lose sight of the fact that the preferred method of delivery for Ontario's auto insurance system is through the private sector, with competition ensured by maintaining an environment that enables a viable insurance industry to flourish, one with many companies competing for the business of Ontario drivers.

Thank you for the opportunity to present to the committee today. Tom and I look forward to answering any questions.

The Chair (Mr. Bob Delaney): Thank you for a very compelling and interesting deputation. Our first rotation will go with the PCs, followed by the NDP, followed by the government.

In looking at the clock, I'm proposing to members that while the subcommittee report was a little silent on it, let's take the questions in rotations of 15 minutes, which seems to be enough to develop a bit of a theme, and that

may give us the better part of two full rotations before our guests depart. Would that be okay with committee members?

Interjections.

The Chair (Mr. Bob Delaney): Okay. Mr. Yurek, it's all yours.

Mr. Jeff Yurek: Thank you, Chair. Thanks for coming in again, gentlemen. I heard you the last time and it's very informative when you do come in.

The first question is basically on setting the rates. I know the insurers send in their information. How long of a process is that for actually getting approval to raise or decrease their rates, to start off?

Mr. Philip Howell: The process varies from company to company. We do have some service standards that we utilize in terms of meeting the request.

It's important to appreciate that, often, the filing—I shouldn't say "often," but it's certainly not uncommon for an initial rate filing application to be incomplete in terms of the information that's provided.

In terms of the specifics, I'm going to ask Tom to respond to the timing. I mean, we get it done within 60 days, is our commitment.

Mr. Tom Golfetto: Yes. As Phil mentioned, it would depend on the thing, the actual rate filing itself, because some rate filings might just be for an increase in an amount; some might be to change territories; some may be for a different way of looking at the rating system. So it depends, and it varies on the type of rate filing that comes in.

Generally, after we have received the filing and can agree that it is complete—that is to say, all the information is there for us to make a determination—it takes about 60 days for the rate filing to be approved. That doesn't mean that the rates will come into effect at that time. The rates usually come into effect at a future time down the road.

Mr. Jeff Yurek: Maybe it's a tougher question to answer. What is the percentage of rate filing changes—what percentage of that takes a long time before you actually get the completed data between FSCO and the insurers? Is it common that there are problems and it has to go back and forth for weeks at a time to get the right data before the 60 days sets in, or is it once in a blue moon?

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Mr. Philip Howell: Well, it's probably somewhere between those two extremes. What we have done over the past couple of years—really three years—has been to dramatically step up the engagement between the rates and classification group and the industry. Since I've been up there, which will be three years this August, we now have regular visits by rates and classification staff going out on site visits to companies, and we have brought companies in on a regular basis, their rates and approvals people, to interact with our staff more and get to know them and basically to provide forums so that there's a clear understanding on the part of both parties of what it is that we require in terms of us doing our job. It gives us

a better understanding of where the companies are coming from on the rates process. As well, we can also help, I guess, facilitate the process of the rate approvals just by having established contacts, where people pick up phones and can communicate more effectively. I think that's important.

I mean, the rate-setting process is a complex one. It's important to understand that at the heart of it, because of the nature of what we're doing here, as Tom mentioned earlier, it's a forward-looking process. What essentially we are doing and what the legislation requires us to do is to establish rates that are going to allow companies to remain viable going forward while at the same time meeting the anticipated claims costs that they're going to encounter.

Not surprisingly, that means the company will have their actuaries who will be generating projections of where they see that future trend going. We will have our own actuaries who will review that data, and they don't always agree. There's often a considerable amount of debate between the company and the FSCO actuaries around what the trends are.

In the end, we're obviously going to approve rates that, in our view, accurately reflect the actuarial assessment of a company's claims portfolio and how those are likely to evolve.

Mr. Jeff Yurek: Okay. Some of the data that's been out there is that the claims costs have gone down last year. What would be the time frame, in your opinion, for premiums to actually reflect that change? I'm assuming that they don't, because in the first six months claims went down, automatically start changing the premiums; they wait to see a broader decrease. What would the time frame be? Say the rest of the year, it continued on that downward slope.

Mr. Philip Howell: I think we've already seen the impact. Pre the reforms—I don't have the exact quarterly increases; I know I do have the data somewhere in my briefcase here—they were going up significantly each quarter. What happened through 2011 was that those increases steadily—they were still increases, but they were considerably lower than they had been pre the reforms. As I noted in my remarks, for the first quarter of this year, the rate approvals that came in, on average, actually declined. So we're already seeing an impact. It's difficult to know how quickly or if that down trend is going to accelerate. Past cycles would suggest that once companies are fairly confident about the future prospects of their claims costs they will, because it's a very competitive industry, move quickly to lower rates because, obviously, they want to expand their market base and their market share and drive cash flow.

At the moment, there are still things on the horizon that will influence the direction of future claims costs that I believe are of concern to insurance companies. They're certainly awaiting the outcome and recommendations from the anti-fraud task force. They're waiting to see what the government does with the catastrophic impairment definition. I think the members know there was a

commitment in the past budget, on the part of the government, to move forward with amendments reflecting the recommendations in my report, which reflected the medical panel's recommendations.

I certainly get the sense at the moment that there is a lot of attention being paid by companies in Ontario to their rate situation. Some companies already have filed for bigger rate reductions than 0.12, and I expect to see that this will continue on through the rest of the year. It will accelerate as more certainty develops around some of the anti-fraud recommendations and the future of the catastrophic impairment definition.

Mr. Jeff Yurek: In regard to the claims costs, predicting their future, we then look at mediation with its huge backlog. From my understanding, they haven't mediated anything from the new 2010 reforms. I know you said earlier you're going to hire more mediators, but is there a thought out there of simplifying the mediation process so that we can get those cases going through, so that insurers can actually see what their costs are going to be, so that we can actually get towards lower premiums? I'd hate to see premiums go down and then the mediation process all of a sudden causes them just to shoot right up again and then everything that has been going on is lost. Can you comment on that?

Mr. Philip Howell: Sure. A couple of things: First of all, to the extent that there's uncertainty in definitions around benefits, there's always a possibility that either the courts or mediators or arbitrators in the FSCO dispute resolution system are going to make decisions that will set precedents and will have an impact on longer-term costs. For sure, that happens. I don't necessarily want to call that a risk. I think that's an integral part of the system. It is very important to have these third parties—the courts and mediators and arbitrators—out there be involved.

That said, the government has recognized that the dispute resolution system itself has not really changed in the 22 years since it was established, and they have again announced in the budget there would be a review of the whole dispute resolution system. It's certainly big, cumbersome.

You mentioned the backlog. That has become a problem and it's certainly large, although there is considerable progress that has been made on that backlog, and I'll ask Tom to maybe just touch on that with some of the recent data.

As you know, Mr. Yurek, we have conducted a process to bring on some additional mediators just to deal with the backlog, and they will be in business very shortly.

Tom?

Mr. Tom Golfetto: We've seen a significant increase, as we mentioned, in mediation applications since 2006. In fact, they've almost tripled. In 2006 we received 13,000 mediation applications and in 2011 we received 36,500 mediation applications. So it's a massive increase and a backlog has developed as a result of that.

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We're seeing two things right now. First of all, we've instituted a number of initiatives to try to improve mediator productivity and reduce the backlog and I'm pleased to report that our efforts are now bearing some fruit. The most significant is an electronic scheduling system, where we allow the parties themselves to book online their mediation meetings rather than having a mediator do it themselves. That has freed up mediators' time considerably to do what we consider the core business of this dispute resolution group, which is to conduct mediations. As a result of that, we've seen a 68% increase in the number of cases that we've been able to close through this one initiative alone, which we're very pleased with.

In combination with other initiatives that we have tried over the last four years, we've actually improved our productivity by 87%, so a significant increase in productivity with no increase in FTEs or mediators themselves. But still, that's not sufficient to get rid of the backlog, so earlier this year we went to treasury board and asked for permission to hire up to four external mediation service providers to assist us in reducing the backlog and we will shortly be able to announce the winner of that RFP competition. I am pleased to say that the new firm that will be awarded will be able to do 2,000 additional mediations per month. Now, that's in addition to the 2,700 mediations that we're able to complete at FSCO, so we'll be able to see the backlog decrease significantly. We anticipate that that will start in around September.

Mr. Philip Howell: Tom, also there's the issue that was raised about mediations on claims post-2010 reforms.

Mr. Tom Golfetto: Yes.

Mr. Philip Howell: So there are definitely some that are in progress.

Mr. Tom Golfetto: Yes. There are some that are in the system right now and we're probably starting to do those mediations right now. So we'll start to see, as those mediations post reform start to move through the system—we'll get some certainty with respect to arbitration or perhaps court decisions on new definitions in the reforms such as the minor injury definition as an example.

Mr. Jeff Yurek: Some territories—I'm just going back to the rate setting. You guys brought up predicting future claim costs, so I jumped on to mediation. But just to go back to the rate setting, some jurisdictions allow the competition to set the rate. They don't have the burden of rate filing. What are your thoughts? Seeing how we have over 100 insurance companies out there, I think competition would be pretty fierce. Do you think that might be a thought to getting premiums lowered quicker or even making the whole package a better product for people?

Mr. Philip Howell: First, just a couple of points of clarification. There are over 100 companies licensed to write auto insurance; however, there are really only, I think, about 60 of those that are very active. A number

are other insurance companies that want the ability to write auto insurance and they might do so for a few people in respect of commercial insurance or other types of P&C insurance that they provide customers. So it's about 60 and of those, there are about 25 companies that are really the dominant. But that is a lot of companies in an industry and so there is a lot of competition.

I think the proposal that you're referring to is one that the industry does advocate strongly, which is basically a file-and-use system. Essentially what that means is the companies determine what the rates should be and then implement those rates and basically subsequently get a seal of approval from the regulatory authority in that jurisdiction.

You asked what my own view is on that. My own view on that is that I'm not certain it would lead to a symmetry in terms of rate movements by companies. I think you might find them much quicker to implement increases than they would decrease. But more importantly, it's important to have in place a system that is transparent. That's what the rate-setting system, complex though it is—but in the approach that we use, everything, all the guidelines, the filing guidelines, all of that stuff is public information. It's all posted on our website. I think it's important that there be a regulatory authority that can look at the claims costs and the data of an insurance company and ensure that it is legitimate before letting the company increase rates. I think that that's fundamentally important to ensuring that the drivers' interests are protected.

Mr. Jeff Yurek: Thank you. You mentioned the motor vehicle accident claims fund. The Auditor General was making note that it was underfunded at this time and recommended possibly increasing fees to drivers' licences to fill that fund up. Have you looked at that fund? What are your projections on that being majorly underfunded? That, of course, comes to the burden of the taxpayer or anybody else to fill that fund up. Your thoughts on the problems with that fund and how it can be fixed?

Mr. Philip Howell: Sure. Personally, I don't think there are any problems with the fund. There is no question that there is a long-term unfunded liability issue that has to be addressed, and that's just the nature of what that fund does. I think what's more relevant is the cash flow ability of the fund to meet the claims that it has to respond to.

Even with the current level of unfunded liability, the cash flow basis of the fund is in very good shape. I think it's 2018 or 2019 before there would be a cash flow issue. So there's plenty of time in which to increase the fees that are paid as part of driver licence fees to ensure that the ability of the fund to continue to meet its claims on a cash flow basis can be met.

In point of fact, it's also worth noting—and we did have this debate with the Auditor General—that the unfunded liability of MVACF has been declining in recent years, the two latest years when the auditor did his work. Indeed, that unfunded liability—when this year's public accounts are released and the financial statements

for MVACF are released, they will show that it's gone down again. That issue is not quite as serious as the auditor indicated.

But I think even more importantly, it's the nature of MVACF and what it does, providing coverages for victims of uninsured drivers, that you want to ensure that it has the ability to meet the cash claims that are required each year and to do so without an emergency injections of funds.

The decision to increase the fee that's charged to drivers is not something that we at FSCO have the ability to independently determine. That's something that the government, particularly the Ministry of Finance, will work out with MTO. I do know that the Ministry of Finance is certainly aware of this issue per the Auditor General's report. I committed in my response to having discussions with the ministry, making them aware, and they are, up to and including the minister.

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Mr. Jeff Yurek: Okay, and the other—

The Chair (Mr. Bob Delaney): Last question, Mr. Yurek. You've got about two and a half minutes.

Mr. Jeff Yurek: Last question? All right, just a quick, off-topic—are the territories that the insurance companies use all the same for every insurance company? For example, say an area like Brampton: Would that be considered the same territory for each insurance company, or would it get sliced and diced differently?

Mr. Philip Howell: Each company has the ability to establish their own territories under our system. There is a limit to the number of territories that can be created and there are a lot of rules around what goes into defining a territory. Within Ontario, the most territories that a company can have are 55. Of those, the most that can be in the GTA are 10.

What that means is that there are definitely differences in the boundaries of a territory. There are a lot of rules that are in place, and this is outlined in a bit more detail in the submission. Originally, I think it had been 19 territories. This goes back long, long before mandatory auto insurance. Territorial rating is a fundamental principle of insurance. There were pressures, and again, for sure, the companies probably would like to be able to very narrowly refine geographic areas and price risk specifically in those. As the number of territories increased in the early 2000s, a number of rules were put in place by my predecessors in this role to govern the territory-setting process. Those included rules that would ensure that within a territory there had to be a significant number, 2,500 in this case, of minimum risks. Territories couldn't be set up where a company could go in and do a block here, a block over here and another three or four blocks here, and call that a single territory and price uniformly across those groups. The requirement was that the territory had to be contiguous, so one boundary around the territory. There are also rules that when territories change, the premium differential with neighbouring territories is limited and so on. There's a very, very extensive system in play to try and ensure fairness.

That said, at the heart of the territorial rating process is the view that in pricing insurance, companies want to be cognizant of the cost and the claims in certain areas to reflect a variety of factors. I mean, some areas are just going to be more costly than others. It could have to do with population density, road conditions, climate, and as we've argued in our remarks here and in our presentation, it could also have to do with the extent of fraud and abuse in the system.

The Chair (Mr. Bob Delaney): And on that note, we will move the rotation to Mr. Singh.

Mr. Jagmeet Singh: Thank you for attending. I'm going to turn your attention to some of the claims reports that you've released to us, that were tabled. We know that the entire 2011 is not yet released. When do you expect the rest of 2011 to be tabled or released?

Mr. Philip Howell: Well, as I indicated at the general committee, this summer. Tom, do you have—

Mr. Jagmeet Singh: More specific than that.

Mr. Tom Golfetto: Actually, we have raw data already. What happens is, throughout the year, that raw data is broken down into various exhibits, and there's a schedule of exhibits that come out throughout the year. So it really depends on what it is specifically that you're talking about. For example, the exhibit on territories comes out some time in August. The loss ratio exhibit, which is, frankly, quite understandable in terms of how claims costs are shaping up for 2011, ought to be released some time this week, and it will be made available on the GISA website. Throughout the year, as I mentioned, various exhibits highlighting different things are released by GISA.

Mr. Jagmeet Singh: My next series of questions are regarding the September 30, 2010, SABS reform that you're, of course, very familiar with. My reading of the report is, if we compare, for example, 2010 to 2011, if we look at the total accident benefit, the reduction—this is on a per-vehicle basis—it was \$764.21, and that's now at \$300.19. Is that correct?

Mr. Philip Howell: They're certainly in that range.

Mr. Jagmeet Singh: Could you just explain, not why and some of the mechanisms of how that has happened, but what that actually means? The accident benefit total on a per-vehicle basis has gone from \$764.21 to \$300.19. What does that mean in layman's terms?

Mr. Philip Howell: What that means is that the amount of money that's being paid out to people in claims is lower under the new system than it was under the old, and the reason for that is that the reforms re-defined the set of benefits that were available to accident victims.

Mr. Jagmeet Singh: And you agree with me that's a substantial reduction? That's more than half, in terms of the amount that it has gone down.

Mr. Philip Howell: Yes. Again, the flip side, of course, is that those massive increases that we were seeing in premiums in the years leading up to the 2010 reforms and the massive increases in the accident bene-

fits costs were the result of the design of the system that existed prior to September 1, 2010.

Mr. Jagmeet Singh: One of the most significant categories that I noticed went down, when it's further subdivided, was the medical coverage. My reading is that it went from \$271.14 per vehicle in 2010 to \$99.21. What does that represent?

Mr. Philip Howell: Tom, could you provide some detail?

Mr. Tom Golfetto: That's for medical and rehabilitation benefits; as an example, perhaps physiotherapy, chiropractic treatments, medical devices such as back supports and those sorts of things.

Mr. Jagmeet Singh: Attendant care also has decreased substantially. It was \$94.53 per vehicle, down to \$36.84. First off, that's correct so far? Does that accord with your understanding? And what are we looking at with attendant care, specifically? What does that involve?

Mr. Tom Golfetto: That's the looking after of an injured person by someone else. The reason that attendant care went down so significantly was because it's only reserved for catastrophic impairment individuals.

Mr. Jagmeet Singh: It's no longer available to other individuals.

Mr. Tom Golfetto: That's correct.

Mr. Jagmeet Singh: Housekeeping also has gone down from \$62 per vehicle to \$8.58, probably the most dramatic in terms of if you look at post-2010 to after 2011. What does housekeeping entail?

Mr. Tom Golfetto: That's the ability of an injured person to hire somebody to look after their house and look after their domestic duties. The reason that went down so significantly is it was actually made an optional benefit, and so it was at the discretion of a consumer whether they wanted to purchase that coverage or not. I presume that significant decrease means most people wanted to save a little bit of money and decided not to choose that when they were buying their insurance.

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Mr. Jagmeet Singh: Okay. And we could also get into whether or not people were aware of the ability to opt in or to opt out, or what the level of consumer knowledge was on that.

The next point is that examinations are also down significantly. They were \$195, down to \$82, which is also a pretty significant decrease. What do the examinations cover, exactly?

Mr. Tom Golfetto: Well, examinations are what a medical practitioner does when an injured person presents themselves so that they can determine what is the appropriate treatment. The reason examinations went down so significantly is because prior to the reforms, examinations were a very large burden that insurers had to pay. In fact, there were no limits on the amount that a health care practitioner could charge for examinations. During the reforms, that limit was made \$2,000, so first of all, that significantly reduced the number of examinations.

There are examinations on both sides. The applicant, or the person who's injured, has an examination, and oftentimes the insurance company will send an injured party to their own doctor for an examination as well. That \$2,000 limit that I was referring to earlier applies to both sides.

Mr. Jagmeet Singh: Okay.

Mr. Philip Howell: Mr. Singh, I mentioned earlier in my remarks and we had talked—and this is discussed, again, in the report in some detail. The examinations are those examinations that I was mentioning constituted a huge part of the growth in the accident benefits costs in 2006 to 2010.

Mr. Jagmeet Singh: Right, you mentioned at some point it might go—

Mr. Philip Howell: We'll never know because the reforms came in. But certainly, looking at the trends, I'm pretty sure that by last year, the examinations would have gone over the amount of money spent actually treating accident victims.

Mr. Jagmeet Singh: Right. There was a loss costs breakdown that was provided for a private passenger vehicle. It involved comparison, various pie charts from accidents in the year 2004, 2010 and then 2011. Are you familiar with that? It's provided in the submitted materials.

Mr. Philip Howell: It's in the submission, that pie chart—

Mr. Jagmeet Singh: I'm not exactly sure where, but it's a pie chart. It looks something like this.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: In the pie chart, it looks like bodily injury has increased in terms of percentage. If you look, it's 25.7% in 2004 and 2010, and it looks like it's 29.7% in 2011. But though it may have increased as a percentage, did it actually increase in absolute terms?

Mr. Philip Howell: I think we just need—which—
Interjection.

Mr. Philip Howell: No, I recognize that chart. It was that material in the letter that we sent to the committee, the supplementary data. Do you have that?

Mr. Tom Golfetto: I don't have it handy—I was looking for it—but I think that refers to costs.

Mr. Jagmeet Singh: Yes. This says, "Loss costs breakdown for a private passenger vehicle...." It says per cent of accident year 2011-1, loss costs. My question is that the percentage has increased—

Mr. Philip Howell: Yes. It's the base number.

Mr. Jagmeet Singh: That may not mean that the absolute terms were an increase in the actual number. I'm just wondering, was there an actual increase in the absolute number?

Mr. Philip Howell: We can get you that information. We'll get that.

Mr. Jagmeet Singh: On the side of it, it indicates a number of categories: bodily injury, direct comp—I'm assuming that's compensation—property damage, accident benefits etc. They're all given in percentages.

Could we get the actual numbers on each of those? And you can table that—

Mr. Philip Howell: Sure.

Mr. Jagmeet Singh: My understanding is that that would provide us with an actual breakdown in absolute terms, in actual numbers, for what each component actually constitutes.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: Okay. If you're able to speak on this, the previous GISA report, referred to as the Green Book—the 2010 report was released on June 22, 2011. Is it your understanding that that's correct?

Mr. Philip Howell: Yes, I believe that's correct.

Mr. Jagmeet Singh: So—

Mr. Philip Howell: Why isn't it out this year?

Mr. Jagmeet Singh: Right.

Mr. Philip Howell: Basically, it is because the service provider—maybe I'll just back up and explain a little bit about GISA. GISA stands for the General Insurance Statistical Agency. It's a not-for-profit corporation that was set up by superintendents of insurance in the six jurisdictions that don't have public auto in Canada. I think it was around 2005 that it was established. All of the provinces that have private systems have, in their insurance act, requirements that the insurance companies provide statistical data to them, which helps us in terms of meeting our regulatory responsibilities.

GISA has an IT service provider that receives the information from the industry, collates it, presents it and works with GISA staff to produce the exhibits that are publicly available and that form the basis of that data. A couple of years ago, the service provider undertook an IT project to improve the IT platform that they use to produce the exhibits. This past year, they've been in the process of moving from that legacy system to the new system. That has led to a lot of delays this year in terms of getting exhibits. That is basically why, as Tom mentioned, the next reports that will come out, hopefully later this week, will be a bit behind the time that they came out last year. Similarly, some of the other reports and exhibits will be a bit delayed this year.

I know we hear this a lot, but it really is just an IT platform transformation at our service provider.

Mr. Jagmeet Singh: But you agree that it has been six months or more since 2011 ended? In terms of timing, there would be more than ample time to prepare it, but for this IT issue that you've described?

Mr. Philip Howell: The full 2011 data would still probably not, under the new system—and I'm turning to Tom here. I suspect it still would be—next year would be in the June period.

Mr. Tom Golfetto: Yes, it typically comes out in June. So we're just a couple of weeks delayed from where we were in the period last year.

Remember, the insurance data has to be filed by every insurer into the IBC, the service provider. Then that information has to be verified because sometimes information is incorrect. It has to be checked and monitored and back and forth. The raw data comes in by around

April or so, and then they start to slice it and dice it in different ways and produce those exhibits that I was referring to earlier. There are around 10 exhibits that are produced throughout the year.

Mr. Jagmeet Singh: So you've seen the data, then, so far? You've had access to the data?

Mr. Philip Howell: I haven't seen anything. Our actuaries have seen some of the raw data and are in the process—that's another part. All of the superintendents have their own actuaries go through the raw data that has been submitted by the individual companies to ensure its integrity—and actually are part of the process of producing the exhibits.

Mr. Jagmeet Singh: Would you be able to produce the 2011 numbers that you have for each of the claim categories that we've discussed: bodily injury, collision, comprehensive etc.? Would you be able to release those numbers?

Mr. Philip Howell: When the exhibits are prepared, yes, they will be available.

Mr. Jagmeet Singh: Okay, but the information, the data, that you have now, though?

Mr. Philip Howell: Well, as I say, I haven't seen any data. I don't know what form it's in. I suspect it's just a stream of raw data that has been provided by the 100-odd companies, and that needs to get worked through and the exhibits produced.

1020

Mr. Tom Golfetto: Just a point of clarification: GISA has its own actuaries. They look at the data, and then once their actuaries have looked at the data, they send it to each of the various superintendents across all of the jurisdictions—just the data relating to that particular province—and the superintendents' actuaries review that data. FSCO received that data last Friday from the actuaries that GISA employs. So currently, right now, FSCO actuaries are going through that data.

Mr. Jagmeet Singh: Sure. Would you be able to produce—

The Chair (Mr. Bob Delaney): Mr. Singh, on that note, you've used up your 15. We'll move the rotation over to the government for 15. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Good morning, Mr. Howell and Mr. Golfetto. Good to see you again. Always very informative. Not the most straightforward, simple process to understand, and I really appreciate your thoroughness and your patience in explaining the auto insurance mechanism, the manner in which rates are determined, the premiums are determined.

I just want to mention on record that you submitted a submission to the Standing Committee on Finance and Economic Affairs; it goes into detail of the process that FSCO pursues in order to determine rates, and it's a very helpful document.

I want to start our conversation and focus on the benefits side of the picture in the whole process. In particular, I think I'm going to rely on slide 4 and slide 6 of the presentation, which, Mr. Howell, I think you were

referring to in your presentation, where you've got certain graphs. Maybe you can help us, explain those two particular graphs, as we go through some questions this morning.

Let's start with sort of a more general and broader question, and that is around, how do our insurance benefits compare with other provinces and jurisdictions? If you just can give a bit of an oversight into that, please.

Mr. Philip Howell: Okay. In summary, I think we have a very generous set of accident benefits. We have a system that allows a wide variety of medical practitioners to access that system and bill insurers for treatment of accident victims. It's important, though, to note that each of the six provinces that have a privately delivered system, and indeed the other four that have a publicly delivered system, really have significantly different auto insurance products in play and significantly different benefit structures in play. So while it's definitely, in my view, possible to note how generous the Ontario system is, it is not going to be identical—well, it isn't identical—to the benefits package that is available in any other province. You know, there's a little bit of judgment that's involved in terms of arriving at that conclusion around the generosity.

Tom, did you want to elaborate a bit?

Mr. Tom Golfetto: That's very true: It's very difficult to compare the different systems across the jurisdictions because, as you know, several of them are public systems and others are privately funded systems. When you consider the privately delivered systems, Ontario has a \$50,000 limit, but of course there are optional benefits that you can buy up from that. In addition to that, you're able to sue in the Ontario system. Other privately delivered systems: Alberta has a \$50,000 accident benefit limit, as well as New Brunswick and Nova Scotia. Provinces such as Prince Edward Island and Newfoundland and Labrador have \$25,000 limits. So from that perspective, our limits are comparable.

As Mr. Howell mentioned, nine health care practitioners in Ontario can sign for treatment, whereas in most of the other provinces only one can, and that's a medical doctor. So you can see that the ability for an individual to obtain treatment under the auto policy has nine health care practitioners enabling them to do that in Ontario and only one in other jurisdictions, generally.

Mr. Yasir Naqvi: If I may just take a step back, Mr. Howell, just so that those who may be watching these proceedings or may decide to review the Hansard—again, I'm learning about the process and the system. When we say "benefits"—give us an example of what kind of things we're talking about. This might be a rudimentary question. When we talk about benefit packages, what are the kind of services that you refer to when we say that Ontario, more likely than not, has a more generous benefit package?

Mr. Philip Howell: Sure. Actually, for anyone, the submission that we presented today, on page 7, does provide a nice chart that deals with just the statutory accident benefits coverages that we do have. It's important.

In the report it details in some more detail other types of coverages that come with insurance that most people are familiar with—replacing a dented fender and so on; all the physical damages. In that chart, the types of benefits that are discussed there are initially medical rehab and attendant care benefits. Those would cover a wide, wide gambit of treatments. It could be physiotherapy; it could be chiropractic treatment; it could be speech therapy; it could be treatment of soft tissue injuries. It could include rehabilitation therapy. It could include massage therapy. There's a huge range of services that are provided. In fact, I was mentioning earlier the industry of health care providers—just under 30,000—that has grown up to treat auto injury victims. Some of them also do worker comp cases as well. That is comprised of all types of medical practitioners.

As well, we mentioned earlier that there are income replacement benefits that are part of statutory accident benefits—up to 70% of gross income, or up to \$400 a week. There are caregiver benefits: up to \$250 a week for the first dependant plus \$50 for each additional dependant. There are all kinds of benefits that take the form of various assistive devices that can be funded by an insurer for accident benefits in terms of their treatments.

That set of benefits really covers the whole range of injuries. As I noted earlier, the vast majority of injuries are very minor. There is a cap on benefits that can be paid for treatment of minor injury, at \$3,500. That's a cap that's in place right now as a temporary measure until the treatment protocol that I mentioned in my earlier remarks is developed to give us a medically evidence-based treatment protocol for getting people who sustain soft tissue injuries in a car accident back to work and back to life as quickly as possible.

For more serious injuries, there's a whole host of benefits that cap out at \$50,000. Again, the money can be paid for that whole range of things. I certainly haven't given an exhaustive list of what's available and what can be built under the system.

For catastrophically injured people, it's a much richer system: up to \$1 million for the medical and rehab benefits but then up to \$1 million as well for attendant care benefits.

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So there's a really massive array of treatments and benefits that are funded under the statutory accident benefits schedule.

Mr. Yasir Naqvi: That's very helpful as to, when we talk about benefit packages, the range of services that we're referring to.

If we can then move to page 24 of the same document, Mr. Golfetto, I'll come back to you now. You were speaking of some of the distinguishing factors between provinces, those who provide a private system versus those who may provide a public system. I think here you are attempting to illustrate the differences in different benefit packages and, hopefully, highlighting that Ontario has more generous benefits. Can you walk us through some of the examples that you were referring to

as to what differences may exist in different benefit packages between private and public delivery, as it compares to Ontario?

Mr. Tom Golfetto: Certainly, I can do that. I'm not an expert on 10 different provinces' benefits structures, so bear with me a little bit.

Mr. Yasir Naqvi: Yes, just for illustrative purposes.

Mr. Tom Golfetto: As you can see on page 24, for those who are following along, the third party liability limits are generally \$200,000, with the exception of Nova Scotia, which has a \$500,000 limit for third party liability. This limit refers to the amount that can be awarded to an individual who is successful in suing somebody who is at fault for the accident. Of course, these are the minimum limits that you need to buy insurance. In fact, in Ontario, most people buy more third party liability limits than \$200,000. I think something in the area of 98% of individuals buy up from that \$200,000. Think of your own insurance policies and what your third party liability limits are—probably \$1 million, perhaps even \$2 million in some cases. Those are the minimum limits that can be purchased to qualify for insurance in Ontario.

The next column: Medical and rehabilitation benefits were the benefits that Mr. Howell was referring to. These buy things like treatment from chiropractors, massage therapists, physiotherapists, goods and services that need to be purchased through individuals. As you can see as you go down that list, Ontario offers \$50,000, as does Alberta and New Brunswick.

The Chair (Mr. Bob Delaney): You've got about two minutes to go.

Mr. Tom Golfetto: Okay. This is a big list to go through in two minutes.

In the public systems, the benefits are different. In many of the public systems, there is no ability to sue the at-fault driver. The limits are sometimes higher in those jurisdictions for the what we call no-fault benefits because there's an inability to sue the at-fault driver. As you can see, those limits vary from province to province. The public systems, of course, are British Columbia, Saskatchewan, Manitoba and Quebec.

Mr. Yasir Naqvi: Very quickly, given that we have limited time, can you relate this discussion to slide 4? What are we looking at in that particular slide, in the chart that has the provinces listed?

Mr. Philip Howell: That's this slide? I think you have it in colour, but—

Mr. Yasir Naqvi: Yes. Mine is in green.

Mr. Tom Golfetto: What this slide does is this compares the average cost for statutory accident benefits available between 2006 and 2010 by provinces. New Brunswick seems to have the second largest other than Saskatchewan, and it's in the range of around \$10,000 to \$20,000, broken down for the five years, 2006 to 2010. You can also notice that in each of those provinces during that five-year period, costs have been fairly stable.

Now I'll draw your attention to Ontario. You can see what the costs were in 2006, and that's the solid green line, compared to the costs in 2010. So you can see

there's a significant increase in statutory accident benefits costs year over year in Ontario, and that increase is dramatically different than in other provinces. I guess the question is, what's different about Ontario that causes those costs to be increased by so much compared to other provinces? Are drivers more injured in Ontario than in other provinces? And that's—

The Chair (Mr. Bob Delaney): That is an interesting point. I'm going to have to pass to Mr. Yurek to see if he wants to explore it. Oh, Ms. Munro.

Mrs. Julia Munro: Yes, thank you very much. I want to ask a couple of questions that relate to the whole issue around accidents in terms of percentage. Earlier in the presentation you gave us, you talked about how safe the roads were in Ontario. If you look at the chart that I think you were just turning to in terms of page 6, where the accident benefits claims costs are so dramatically higher in the GTA, the average person's immediate reaction, I think, is to believe then that they're not so safe.

When you're looking at the question around accidents in the province, is there taken into account, as there is in the creation of the territories by the insurance agencies, issues around density, road conditions and things like that?

Mr. Philip Howell: First of all, I don't think I opined on the safety of Ontario's roads earlier. I did point out that MTO, which does keep track of numbers of accidents on the roads, has noted that the number of accidents has been trending down.

Mrs. Julia Munro: Right.

Mr. Philip Howell: A lot of that has to do, I think, with improvements in car safety and things like that. There's a whole host of factors.

In terms of the role that road conditions and density and so on play in the rating structure, certainly those would be a factor that is going to influence a claims pattern in an area. If there are more people—although, I guess to some extent, if traffic is very dense, you're not going to have as many really serious injuries because cars are travelling at such low speed. You have a lot more sort of physical damage to cars in that case.

All of those questions are things that a company is going to look at as it assesses risk in a territory. Those are legitimate factors in the underwriting classification, the risk classification system that Tom mentioned earlier. So that would be a factor.

Our interest in it, and the government's in terms of the underlying legislation, is listing those factors that companies can take into account when they're assessing risk and listing those that they can't take into account. Density would, for sure, be a factor that companies would look at.

Mrs. Julia Munro: The secondary question I had was with regard to the uninsured driver. What kind of cost does the uninsured driver represent for the rest of the population that buy insurance?

Mr. Philip Howell: That's a tricky question. I always turn the tricky questions over to Tom.

One way of measuring it would be through taking a look at the motor vehicle accident fund and that claims cost experience there. That's not actually costing the province anything, because that fund is funded through a fee that drivers pay on their annual driver's licence renewal. I think it's \$5 currently on the \$75—

Interjection.

The Chair (Mr. Bob Delaney): You've got about a minute to wrap it up.

Mr. Tom Golfetto: I believe it's about \$3 per year, and most people renew their driver's licence for a five-year period, so I think it's \$15.

Mr. Philip Howell: So taking a look at the annual claims payments and so on out of that fund would be one indication of what it costs the province, but that cost is borne by drivers.

1040

Mrs. Julia Munro: Do we have any idea of the percentage of drivers who are uninsured, since we're all paying for this?

Mr. Philip Howell: I don't have the specific number. I can see if one exists. I'm not aware of that statistic. There are people who will estimate that number. I would argue that the reason that you would have a range of estimates is because there are different interests at play in terms of either a small number or a larger number. You have to assess those estimates bearing that in mind.

Mrs. Julia Munro: I think that the average person would like to know.

The Chair (Mr. Bob Delaney): On that note, I'm sorry, but we've run out of our sand in the hourglass. Mr. Singh.

Mr. Jagmeet Singh: Yes. I was trying to get to this point before but perhaps I could just ask it more directly. You've prepared some reports and charts, and they all have data up to 2010.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: If you could just prepare all these similar reports—the exact same—just updated with 2011 as soon as possible—would you be able to do that and then table it?

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: Perfect. Thank you so much.

My next question is going to touch on territories. The chart you provided that talks about the decrease in the greater Toronto area and the increases to various other areas across Ontario: That's taking into consideration if Ontario was one big territory. Mario Sergio, the honourable member from York West, had a private member's bill, Bill 43, that advocated getting rid of territories altogether. That is maybe the Liberals' initiative but certainly not the NDP's initiative, which was to specifically get rid of the subdivisions within one particular area—for example, the GTA.

Could you produce a report that showed what the impact would be in just the GTA, looking at those 10 territories if they were taken away, and what a riding-by-riding increase or decrease in rates would be in just the GTA? To put that very clearly, if we got rid of the 10

different subdivisions, what would happen to the rates in, for example, York–South Weston, what would happen to the rates in Toronto Centre and what would happen to the rates in various areas—Scarborough–Rouge River—within the GTA? So, essentially replacing the subdivisions, those territories with a Toronto CMA, for example: a Toronto census metropolitan area.

Mr. Philip Howell: The challenge, of course, is getting the data presented in that way. The data that we used in the example that you referred to earlier was derived from the 19 statistical regions that GISA collects data for.

Going forward in terms of work projects with GISA, the main focus right now is getting this computer system in place and up and functioning. There will be and there are already some other projects that GISA will be undertaking—

Mr. Jagmeet Singh: I understand there are a lot of other—

Mr. Philip Howell: Sorry. What I'm saying is, right now, I do not believe the data is available in a form—I will check into that, but the way that it's collected at the moment is not in a form that would allow what you're proposing.

Mr. Jagmeet Singh: Based on the information that you do have, the data you do have, is that something that you're able to do—an assessment of what the rate impact would be if you replaced the 10 territories with one CMA in Toronto alone and where the rates would go up or down?

Mr. Tom Golfetto: First of all, the 10 territories that are allowed in Toronto: Of course, they're not static. Each insurance company can produce their own territory based on the actuarial information that they produce that makes sense that this ought to be a territory and that Toronto can only be subdivided in 10 places. There are no 10 defined territories in Toronto right now. I think there's a little bit of confusion. One insurance company may only choose four territories in Toronto, as an example, and another might choose six, but they wouldn't be in any way related to the first four. So, as Phil indicated earlier, the chart that we provided as an addendum was a chart based on the 19 territories within Ontario for which GISA currently collects the data, of which Toronto is one territory. So to break it up in various ways, I don't know we can do that, to be honest, but we can look into that.

Mr. Jagmeet Singh: Okay. The other question I have for you is that I have information that the maximum difference between different territories within the GTA, the 10 different territories that are possible—the claims cost difference from the lowest claims cost within the GTA to the highest claims cost is at most 33% different. Do you have any way of confirming that number or any way of providing some claims cost difference, with the data that you will receive at the end of this week or at the end of the summer, that would provide the difference?

The Chair (Mr. Bob Delaney): And we're into the two-minute warning.

Mr. Philip Howell: I'm not familiar with that source of data. I would certainly be willing to chat with you and find out where the source is and the basis, and look at—

Mr. Jagmeet Singh: Would you be able to come up with some information on that?

Mr. Philip Howell: Again, I'm not really sure what it is the 33% is measuring. Is it the lowest individual accident claim, or what's the level of—

Mr. Jagmeet Singh: Just the difference. They say that certain areas cost more. We know from the anti-fraud task force that they are not able to say what areas have more fraud or not. They're able to give no indication of what areas are more or less. But there is some evidence, perhaps, that there are claims costs from one area that are higher or lower.

Mr. Philip Howell: Oh, for sure, that's the case.

Mr. Jagmeet Singh: My information is that the most difference is only 33%, although they're charging sometimes as much as a 150% difference in terms of rates—

Mr. Philip Howell: Okay, well, I'm not aware of that data. We would certainly be willing to discuss that with you.

Mr. Jagmeet Singh: I'm just going to read a question here to you: As I understand it, insurance companies report their financial results to the federal OSFI. The OSFI is the best source of data on P&C profitability. Is that correct?

Mr. Philip Howell: Yes. OSFI is the Office of the Superintendent of Financial Institutions Canada—

Mr. Jagmeet Singh: Sorry to interrupt, but we have limited time. Do you have access to that data?

Mr. Philip Howell: That data is public. It's national data. It's posted. The financial results—

Mr. Jagmeet Singh: Would that be the best metric for measuring the profits of Ontario insurance companies?

Mr. Philip Howell: Remember, most of the companies that operate in Ontario—with the exception of some farm mutuals and one or two others, all companies are national companies, so the numbers you're seeing at OSFI are national.

Mr. Jagmeet Singh: Sure. Would you be able to do a report on the profitability of insurance companies using OSFI numbers and look at the difference in terms of the 2010 reforms and what the profitability would be of insurance companies?

The Chair (Mr. Bob Delaney): Thank you, Mr. Singh. This will be the last quick answer.

Mr. Philip Howell: Okay. We do point people to the OSFI reports and we do use those data to track what's going on with the companies. We don't typically take it and prepare reports.

Mr. Jagmeet Singh: But could you do that?

The Chair (Mr. Bob Delaney): Mr. Howell, Mr. Golfoetto, I just want to thank you very much for your time and coming in to be with us today.

Interjection.

The Chair (Mr. Bob Delaney): Oh, I'm sorry. I almost forgot the government's five-minute rotation in this. My apologies. Mr. Naqvi, you've got five.

Mr. Yasir Naqvi: The Chair has endeavoured to be extremely impartial; he forgot the government side.

I want to talk a little bit about the territoriality issue. Mr. Howell, you spoke in your submission, in your opening remarks, about the potential impact of removing territorial rating criteria. Can you outline again, in your view as the superintendent of FSCO, what that impact would be if you removed territorial rating criteria?

Mr. Philip Howell: Sure. First of all, I think it's just important to note that insurance is something that has been around and been provided for a long time. There are very basic fundamental principles that underlie the underwriting and pricing of insurance. Essentially, what insurance is trying to do is to find a way of pooling risks to cover the cost of events that don't happen to most people, and thereby lower the cost for each person of being prepared in case they are, in this case, injured in an auto accident. In terms of pricing that risk, decisions have to be made around who's going to bear the cost of pricing that risk.

1050

It gets a little more complicated when you have a product—in this case, auto insurance—which is mandatory. That's why governments have a role and a responsibility in ensuring that that system of pricing and underwriting the risk is one that's fair. I think they have an obligation to ensure that it's transparent. One of the problems with the Ontario auto insurance system is that it hasn't really been transparent to drivers; that the set of benefits and so on that are provided, and the scope and ease of accessing those benefits, will determine how much people pay for their insurance. Both the general government committee and this committee has a real opportunity to provide that linkage and explain that to the driving public here.

When we're looking at how you set a price on the risk that exists out there of people getting injured in accidents and accessing the set of benefits, you need some way of determining what's the most fair. There have been a variety of different proposals, and I guess it's in the eye of different beholders as to what constitutes fairness. What we were demonstrating with the material that we provided to the general government committee was, just by way of example, to show how one type of pricing system could lead to differences to who bears costs. What we chose was completely arbitrary. We took the average written premium for the past five years, which was \$1,351 for all of Ontario—and that's a legitimate number; that reflects the cost of all claims over that period plus a return for insurance companies and so on. That's a legitimate price. If that were applied to everyone, so that you, in effect, had one territory in the province, that would mean that people in the GTA would see a significant decrease: 23%. Then we chose four other regions across the province to show, ranging from Sarnia, a 24% increase over what they pay on average now, to a 40% increase in Lanark and the upper Ottawa region.

The five areas we used in illustrating that come from the 19 areas that statistical data is collected from under

GISA right now. There are more territories than that in the province, and that's something that, as GISA moves forward, we'll be able to look at getting more refined data. There are other ways that you could have cut this that essentially would have demonstrated the same thing. The current distribution of premiums across different areas of the province: If they're going to come down in one area, they're going to go up in another unless you take a look at the system, root out the abuses in the system that are driving costs and find ways to limit the cost. Unless you ensure that drivers are informed—there's a distinct and direct connection between expenditures that are incurred by various players in the system and what they pay as drivers. As I indicated before, there are other ways of looking. You could collapse the province into four territories. You could create eight areas. New Brunswick did try a number of years ago to move to a single territory, and it basically led to an insurance crisis as, in some parts of the province where claims were very high, companies couldn't price accurately and they just stopped offering insurance. Territories play a big part in allowing companies to price their insurance offerings to reflect a certain community of drivers.

I'm not naive enough to think that if companies had complete, unfettered freedom to set their own territories and to price things, that they wouldn't try to get the maximum advantage out of it. That's why the government, through the regulations, has very well-defined and limited and explicit controls over how territories are set. But there's not a single way of doing it. What's really important is that the underlying principles of underwriting risk and pricing insurance not be lost through arbitrary imposition of prices and price setting and so on. That's the way the drivers will benefit.

Mr. Yasir Naqvi: On that note, we thank you.

The Chair (Mr. Bob Delaney): Thank you very much, gentlemen, for having come in and spending two quality hours with us and for providing the insight that you have.

To be entirely fair to our next two deputants, this committee definitely needs a recess, so we are in recess until 11:05.

The committee recessed from 1057 to 1109.

DR. HAROLD BECKER

The Chair (Mr. Bob Delaney): Let's come back to order. Our deputation scheduled for 11 o'clock has cancelled. However, one of our afternoon deputations has been kind enough to move up in the order: Mr. Harold Becker.

Dr. Harold Becker: Dr. Harold Becker.

The Chair (Mr. Bob Delaney): Dr. Harold Becker. Okay. Welcome, and thank you for coming in early. You'll have 15 minutes to offer us your thoughts and feelings, followed by 10 minutes of questioning divided equally among the different parties. Just begin by restating your name for Hansard, and then go ahead.

Dr. Harold Becker: Thank you, Mr. Delaney. My name is Dr. Harold Becker. I am a medical doctor trained at the University of Toronto. I have provided you with a copy of my submission as well as a submission I made to the Financial Services Commission last year at the time of the release of the expert panel recommendations.

I am an adjunct assistant professor in the faculty of medicine at the University of Toronto. I'm also a trained scientist with a rigorous undergraduate science education and two advanced degrees, including a Ph.D. in medical biophysics. I mention these qualifications only to validate my following comments against the so-called scientific nature of the FSCO expert panel report to the superintendent, on which the minister has based his report to government on the redefinition of catastrophic impairment. I will be focusing, in my presentation, on this expert panel and their recommendations as I believe these recommendations, which have been accepted as the basis of the superintendent's and now the minister's report, are fundamentally flawed.

I have particular qualifications in catastrophic impairment under the auto insurance statutory accident benefits schedule. I was the OMA representative on the minister's DAC committee under the Conservative government of Ernie Eves, and as such, I was responsible to chair the advisory panel that wrote the catastrophic impairment assessment guidelines for designated assessment centres, or DACs, in Ontario in 2001.

I also served as the medical representative on the advisory panel that wrote the previous report on the redefinition of catastrophic impairment to the minister, released in 2001. This well-balanced, 13-member panel was composed of a physician—me—a psychologist, a neuropsychologist, a pediatrician, a plaintiff lawyer, a defence lawyer, two insurer representatives, two ministry representatives, and three FSCO representatives. All had experience in their respective roles in the medical, psychological and auto insurance sectors and, in particular, in the definition of catastrophic impairment.

I have great difficulty with the expert panel in this sequence because (1) the majority of the panel "experts" were not experts, in fact, in catastrophic impairment; (2) the panel was too small for the methodology chosen; and (3) the reported consensus model, involving six out of eight votes, contributed further to the lack of validity of the panel's recommendations.

(1) The majority of the panel experts were not experts in catastrophic impairment. The FSCO expert panel of 2011 consisted of three academic epidemiologists, an academic public health expert, a pediatrician, a psychologist and two psychiatrists—these are specialists in physical and rehabilitation medicine.

My concern over the unbalanced makeup of this panel included the fact that only half of this panel had any experience in catastrophic impairment, clinical or otherwise. While I highly regard the scientific contribution of epidemiologists to society and to medicine, I do not understand their central role in this panel to tackle the

definition of catastrophic impairment, a medico-legal issue, not a fundamentally scientific one.

While there were two psychiatrists experienced in catastrophic impairment on the panel, I question why they were both of the same specialty and why they, as the best-known insurer-friendly psychiatrists in Ontario, were both chosen to represent medicine.

(2) The expert panel was too small for the methodology chosen. The expert panel used what is referred to as a modified Delphi method for reaching consensus on their various recommendations. The Delphi methodology states that choosing appropriate members of a panel is the most important step in the entire consensus process because it directly relates to the quality of the results generated. While the Delphi methodology suggests that as few as 10 to 15 panel members can be used, provided there is homogeneity in their backgrounds, much as in the original expert panel of 2001 that I was on, experts recommend that up to 50 members be used when there is a disparate degree of knowledge, experience and training among the members, as was seen in this panel. This panel of diverse participants had only eight members, rendering their consensus of questionable validity.

(3) The reported consensus model involved six out of eight votes. This contributed further to the lack of validity of the expert panel's recommendations.

This last point ensured that the expert panel could and did totally marginalize the opinion of the single psychologist in their midst. It is therefore not surprising that as a consequence of the six-out-of-eight-vote consensus, the expert panel utterly failed their mandate to appropriately interpret mental and behavioural—psychological—impairment in the discussion of catastrophic impairment.

I have a number of problems with specific recommendations by the expert panel, as follows:

(1) Diagnostic restrictions for mental and behavioural impairment are discriminatory.

The expert panel indicated that only a very restricted set of three psychiatric diagnoses could be considered in determining whether a claimant meets the catastrophic definition. In restricting qualifying psychiatric diagnoses to major depressive disorder, post-traumatic stress disorder, or psychotic disorder, the panel discriminated against Ontarians receiving accident benefits on the basis of a mental disability. This is a distinct breach of the Canadian Charter of Rights and Freedoms, which states in section 15, "Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability."

(2) The mental and behavioural threshold was too restrictive.

While the expert panel's decision to use the global assessment of functioning, or GAF, score as a tool for rating catastrophic psychiatric impairment is a reasonable one, they set the threshold for catastrophic impairment unreasonably high. I won't get into the minutiae of that

particular scale, only to say that the expert panel indicated that an individual must fit under one or more of the following list of six generally recognized indicia of serious mental illness. They listed the following list. Make no mistake: These generally recognized indicia will be used effectively as criteria for accessing the definition of catastrophic impairment under SABS section 2(f).

The first one is institutionalization. The panel recommended institutionalization as a distinct issue from hospitalization in a psychiatric ward. Institutionalization would imply that there is in fact a mental institution in the general area where the individual lives and, further, that the institution has a bed available and they are willing to offer that to the individual.

They also indicated that repeated hospitalizations were necessary. Note that this is not hospitalization in a psychiatric ward, but repeated hospitalizations in a psychiatric ward. We rarely see that in clinical practice.

They recommended psychiatric follow-up at a frequency equivalent to at least once per month. This is far too prescriptive for the expert panel to be submitting as a recommendation. Where and who are these psychiatrists? It is all too well known how difficult it is for primary care physicians, never mind community-based ordinary citizens, to obtain such access to psychiatric services in Ontario. Thus, this is a further barrier.

Finally, not only is supervision required, but regular and frequent supervision by community-based mental health services, using community-funded mental health professionals. The underlined words are right from the report. Among a great number of other issues, the expert panel does not identify how to access and then deal with such downloading of costs to the public sector, and whether in fact these services even exist in an already overloaded mental health milieu.

All of this, again, would provide a challenge to chapter 15 of the charter in that individuals are being significantly discriminated against based on the nature of their psychiatric impairment, their geographic location, their ethnicity and associated stigmas against accessing mental health services, and, along with this, their diagnoses and the general availability of mental health services in our problematic health care system, notwithstanding any of the above other issues.

The expert panel suggested that their target in mental and behavioural impairment rating to access catastrophic impairment would be the equivalent of paraplegia. I'm not quite sure of the scientific nature of that comparison. However, moving on, in fact, the expert panel's requirements of institutionalization of claimants suffering mental and behavioural impairment over simple hospitalization places the catastrophic threshold at the same level as quadriplegia, not paraplegia. This is far too high a threshold and would leave many legitimately impaired claimants suffering mental illness with limited funding.

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(3) Brain injury and psychiatric impairment are separate impairments.

This is a very important point in their recommendations. The failure to acknowledge the coexistence of traumatic brain injury and associated psychiatric impairment, and the expert panel's corresponding prohibition on allowing separate rating of these two distinct impairments, is seriously flawed and demonstrates a serious bias against both brain-injured claimants and claimants who develop associated psychiatric reactions resultant from traumatic brain injury.

(4) Downloading of mental and behavioural impairment to the public health care system, OHIP, is unrealistic and unacceptable. The expert panel's recommendations would throw seriously injured claimants suffering significant mental illness into the already overburdened, underserved public sector of psychiatric services. Furthermore, if the minister's recommendation that only medical doctors can undertake assessments is accepted, psychologists will be eliminated, for the most part, from assessing and following these claimants. Note that the public health insurance system provides no funding for psychological assessment, counselling or treatment. Psychiatrists are medical doctors who must bill OHIP for services rendered. Psychologists can do much of the same work but are not funded under the public health insurance system.

The downloading of psychological assessments and counselling services to the provincial health care system will be a direct consequence of the minister's recommendations and is unacceptable.

Further, the minister's recommendation that only medical doctors can assess claimants for catastrophic impairment will, of course, result in further downloading of privately funded services, such as those presently covered by auto insurance coverage, into an already overburdened public OHIP system. Such downloading into the public sector and the requirement for only physicians to be able to undertake many services that are presently funded through auto insurance and that are provided by regulated health professionals, such as psychologists, occupational therapists, physiotherapists and others, will increase costs to the province and decrease access to doctors for all of us. This is the last thing we need for this committee to sanction in the coming years.

(5) The expert panel has no authority to overrule accepted judicial decisions, some at the level of Ontario's highest court. We have observed that the definition of catastrophic impairment—that is, what is and what is not catastrophically impairing—has evolved over the 16 years since the introduction, under Bill 59, of this definition. For example, while amputation of both legs was initially thought necessary to meet the definition, we have come to realize and implement the definition to involve only a single lower limb amputation. Similarly, over the years, the courts have clarified the inclusive nature of what a "whole person" is, and this has clearly been determined to include both the physical and psychological parts of a human being. Ontario's highest court, the Ontario Court of Appeal, recently recommended that psychological impairment should be combined with

physical impairment when determining a true whole-person impairment rating. In their wisdom, the FSCO expert panel concluded that there was no scientific evidence to do so and have essentially overruled the Ontario Court of Appeal. This recommendation by the expert panel further discriminates against individuals suffering mental illness in Ontario.

(6) No scientific evidence: Although the expert panel touted fundamental science as the cornerstone to its deliberations, there is utterly no scientific validity to many of their recommendations. I have advised the expert panel earlier and I advise this committee now that the absence of scientific evidence is not itself scientific evidence.

The Chair (Mr. Bob Delaney): And you have about two minutes.

Dr. Harold Becker: Thank you.

Where is the science behind indicating that brain injury and mental illness were to be measured as one entity? They are distinct entities, and both contribute to overall impairment leading to catastrophic outcomes for some individuals suffering serious injuries.

Where is the science behind the expert panel's statement that seriously injured claimants can only be rated if they manifest a major depressive disorder, PTSD, or psychotic disorder?

Where is the science behind the expert panel's recommendation that only a global assessment of functioning score of 40 or less is indicative of catastrophic impairment?

Where is the science behind the expert panel's recommendation that physical and psychological impairments cannot be combined, especially now that the Ontario Court of Appeal has indicated that they can?

In conclusion, the recommendations of the expert panel, in my opinion, particularly regarding mental and behavioural impairments, are seriously flawed and demonstrate a clear bias against brain injury as well as accident-related mental illness in seriously injured claimants. The expert panel has failed to consider the extensive experience we in the field have had in the understanding of catastrophic impairment and has failed to acknowledge the rulings of Ontario's highest court in the inclusive interpretation of the definition of catastrophic impairment.

Based on the flawed expert panel recommendations, the minister's report is so strongly anti-claimant when it comes to victims of traumatic brain injury and accident-related mental illness that it questions the fairness of an auto insurance scheme where the most vulnerable and the most seriously injured are left unsupported. The minister's recommendations mock the Canadian Charter of Rights and Freedoms and reject the authority of the Ontario Court of Appeal's recent decision of the inclusive interpretation of catastrophic impairment.

How can the minister now justify abandoning seriously injured accident victims when the health care system is so overburdened? I appeal to members of this committee

to sort this out and make recommendations that will support the needs of all Ontarians.

The Chair (Mr. Bob Delaney): Thank you. Mr. Yurek.

Mr. Jeff Yurek: Thank you, Doctor, for coming in today. Just a couple of quick questions. In auto insurance now, they pay an assessment to cover OHIP's cost. It hasn't changed in the last seven years, yet health care has increased 25%, so they're failing on that aspect. You're saying, with these changes, catastrophic impairment is going to drastically increase more costs to our health care system. Is that basically—

Dr. Harold Becker: Yes, the downloading directly of assessment and treatment costs, particularly in the psychiatric area.

Mr. Jeff Yurek: I come from St. Thomas, Ontario. Our psychiatric hospital is closing and we're getting 15 beds in our hospital—maybe. I know this—the lack of health care out there. Basically, you're saying that they're going to have to be taking services from those already in need of the system. They're going to be downloaded more so, and there's going to be a shortage of psychiatric help, I guess, for people out there with mental conditions.

Dr. Harold Becker: Sure. They may take up some of the medical beds, because there are going to be no psychiatric beds in your area now. The access to institutionalization, repeated hospitalization, treatment by psychiatrists: It's a big question mark.

Mr. Jeff Yurek: I'm a pharmacist by trade, so I read a lot of scientific journals and such. I know that if you set up a study wrong, you get the wrong results, even though the media can publish that as being true. Basically, you're saying that the whole process was pretty much set up incorrectly at the start, before this panel even began.

Dr. Harold Becker: That's my point exactly. It's like doing a study on lung cancer and the effects of something on lung cancer—a certain drug—and forgetting to normalize out the smokers in the group. So you've included smokers in the group where you're trying to look at a small point over here, but you've missed the big point.

Mr. Jeff Yurek: So your recommendation, basically, to the government is to slow up on these changes until we take a better look at what the panel's findings have been.

Dr. Harold Becker: Yes. My issue is, the panel should not be used as the basis for these changes. I respect government. If they want to make changes, if they want to overrule the Ontario Court of Appeal in making legislative changes—I know that's the process—

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Go ahead and finish the question, sir.

Dr. Harold Becker: Thank you. The minister is basing his opinion on this panel, which I think is fundamentally flawed in their set-up.

Interjection.

Ms. Teresa J. Armstrong: Thank you very much, Dr. Becker, for coming in and giving us your presentation.

What would your recommendation be for an actual panel that could have the best outcome if there is going to be a redefinition of catastrophic injury?

Dr. Harold Becker: We've had the good fortune of having that experience in 2000 and 2001. I was on that panel; I don't care if I'm on the next panel. We had a balanced panel. We had a plaintiff lawyer and a defence lawyer. There were two points of view on these things. We had insurers. There were no insurers on this panel. We had FSCO reps and ministry reps. We had doctors from each group, so we had a neuropsychologist for brain injury; we had a physician; we had a pediatrician. They had the same pediatrician on this one, but he was, again, marginalized by the voting system. If you have six out of eight votes that rule the day, the psychologist can be jumping up and down, saying, "Wait a minute; those are bad ideas," but is overruled by the other people. It wasn't a balanced group. The two physicians, for instance, were excellent physicians, but they work mainly for insurers.

Ms. Teresa J. Armstrong: So the scientific evidence that FSCO presented, that they want to bring into the catastrophic definition piece this time around: Medical evidence is one way to determine catastrophic injury?

Dr. Harold Becker: Yes. It's all medical, I think.

Ms. Teresa J. Armstrong: What is the definition of scientific evidence? I wanted to ask that question earlier today, but I didn't get a chance. What kind of scientific evidence would be balancing that medical evidence to come out with a new definition of catastrophic injury?

Dr. Harold Becker: Looking at what kind of scientific papers are published in the medical journals and how they are peer-reviewed etc.—the issue in catastrophic impairment is not an epidemiological or public health issue; it's a medico-legal issue. There are some issues as to the actuarial nature of, "Can we afford to include a single-leg amputee in the definition?" because there are a lot of them. That's another issue. But that's not what they looked at. I don't see the science in a lot of what they did. That's my point. My point here is that I have training and I didn't see any of that science.

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Ms. Teresa J. Armstrong: I was just trying to determine how much of that you felt contributed to the definition, if there was a scientific research issue.

Dr. Harold Becker: How much the lack of scientific evidence contributed? I think there was an agenda.

Ms. Teresa J. Armstrong: Okay. Thank you.

Mr. Jagmeet Singh: Just to touch on a medico-legal definition, I think that's an important distinction, versus looking at epidemiology, which is the study of how often or the spread or the makeup of disease or illness.

Dr. Harold Becker: Exactly.

Mr. Jagmeet Singh: In terms of better criteria, could you provide, perhaps, a more thought-out or an alternative viewpoint on how a medico-legal opinion would be different than an epidemiological breakdown; for example, what a medical doctor would say?

The Chair (Mr. Bob Delaney): A little less than a minute.

Mr. Jagmeet Singh: Okay, I'll just leave it at that.

Dr. Harold Becker: I'm not sure I understand your question.

Mr. Jagmeet Singh: For example, a medical doctor would say that if you're not able to use one leg, that would be an impairment because of certain reasons, and legally there would be an impairment for certain reasons, versus a scientist saying that there's a rate of disease based on this reason.

Dr. Harold Becker: It's an interesting question. In the medical part of the recommendations, the physical and medical part, there are eight definitions of catastrophic impairment: paraplegia, quadriplegia, loss of vision etc. Some of those recommendations the panel made were very reasonable on the physical side of things. But on the psychiatric side and on the brain injury side and the fact that they couldn't combine—they just dropped the whole population of injured people who have brain injury and also psychiatric impairment from that. You're allowing brain injury, you're allowing psychiatric, but you're not allowing them together, which makes absolutely no sense. So some of the report was reasonable, but the psychiatric and mental and brain injury parts were totally not acceptable, in my view.

Mr. Jagmeet Singh: Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Dr. Becker. I really appreciate your deputation this morning.

Let me just pick up on the last point you made. Are there sections of the report or recommendations that you agree with, or do you have issues with the entire report?

Dr. Harold Becker: No, I agree with a number of the earlier physical sections. In the second report I gave you, which is my response to the original panel at the time, it starts with the reasonability of some of their recommendations. For example, the definition of quadriplegia was listed on the original catastrophic listing, and it became an argument among physicians as to what represented the definition in a partial quad. If he could move his little finger, did that mean he wasn't a quadriplegic? And we actually saw that. We saw that in insurance rated assessments, where someone would be determined not to be catastrophically impaired because he could move his little finger. On the other side, someone would say for the plaintiff's side, "Well, he's quadriplegic, essentially." So there was an argument. This panel made a very clear distinction on how to make that definition.

Similarly, the original definition was total loss of vision in both eyes. Now it is legal blindness, a much more reasonable, testable definition.

So the physical parts were reasonably done, but it was almost as if another committee came in on the brain injury, and particularly psychiatric impairments.

Mr. Yasir Naqvi: So that's where some of the challenges are that you're highlighting, on that side.

Dr. Harold Becker: Yes.

Mr. Yasir Naqvi: My other question, and I think Mr. Yurek has been sort of asking those questions, is that

there is a curious statistic in recent years where we see a significant increase in medical costs even though the number of accidents has remained stable. Can you provide an explanation for that dichotomy?

Dr. Harold Becker: I sure can. I'm glad you asked that question; I was hoping someone would.

The insurers are stating that we're experiencing a far greater increase in costs in the past five or six years. For example, in 2010, the cost of assessments had been reduced to \$2,000 per assessment, which is a good quantity of money for a specialist to see somebody and report, a six-, eight- or 10-page report etc. I'm not complaining of that. When I do assessments, I use one or two or maybe three people in a multidisciplinary assessment. When the insurers are doing those, they're handcuffed now because they can't get assessments; they don't get specialists working for them for that fee. So some of these multidisciplinary assessment centres are putting 10 people on an assessment and they are able to generate \$20,000, whereas the ordinary guy, the individual claimant who goes to a doctor and gets a report, gets a \$2,000 or, if there are two doctors, a \$4,000 assessment.

My point is that the insurers are causing, to a great extent, that increase in costs.

The Chair (Mr. Bob Delaney): Dr. Becker, that fills up your time. I want to thank you very much for your kindness in coming in earlier than you were scheduled this afternoon and for sharing your thoughts and your feelings with us.

Dr. Harold Becker: Thank you, Mr. Delaney. I thank the committee for the opportunity to present to you.

MR. SIDNEY CHELSKY

The Chair (Mr. Bob Delaney): Our next deputation will be from Sidney Chelsky. The one listed at 11:30, Prince Sharp, has cancelled, and Mr. Chelsky is available. Welcome. You'll have 15 minutes to share your thoughts and feelings with the committee, followed by a rotation of questioning. This rotation will begin with questions from the NDP. Please begin by stating your name for Hansard, and then continue.

Mr. Sidney Chelsky: My name is Sidney Chelsky. I'm a consultant to the laundry, dry cleaning and hospitality industry. My deputation is a little bit different from the ones I've heard, but I think it's just as important.

Thank you for the opportunity to address this committee. I'm outraged at the television ads that depict insurance brokers acting in the best interests of their clients. This, in fact, is not true. On at least two occasions in the past years, I was faced with the following situation.

I had been dealing with an insurance agent for a number of years, who placed my insurance with Lombard Insurance. I had been very satisfied with Lombard's coverage and attention to my account and continual competitive pricing over the years I was insured with them. My agent suddenly sent me a renewal from another company with an increase of \$600 for the year. When I questioned this increase, he said that his agency was no longer

affiliated with Lombard and therefore placed it with a company he was affiliated with, and this was the best price he could get me.

I called Lombard, and they provided—by the way, to get hold of Lombard was a very difficult task because there are no numbers in the phone book. Even with a search on the Web, it took a while before I actually found a claims number, which I called, and through that I was able to get through to the Lombard company.

I called Lombard, and they provided me with a list of other agents they were affiliated with, so I contacted one of them, Canada Brokerlink, which promptly provided me with a policy from Lombard at a further reduced rate. It definitely was not in my best interest to continue with the previous agent.

Again, after a number of years passed, the agency I was insured with sent me a renewal policy which was closer to the price I had previously paid. The policy was with Intact Insurance, another company. It was a combined auto and home coverage policy. However, on closer examination of the policy, it showed reduced coverage. For example, instead of \$200,000 of contents coverage, it was reduced to \$40,000. This was only one of the changes the agency failed to advise me of. In a conversation with a manager of the company, I complained about this business practice of replacing my coverage with something less than what I had previously had and not advising me of the situation. He apologized and advised me that they were no longer affiliated with Lombard and had placed the coverage with another company. Again, we have an insurance broker who did not fairly protect me in my coverage and competitive pricing.

Again, I searched out an insurance broker to provide me with a quote. After finding a company, Unica Insurance, and a quote that I was satisfied with and paying with my credit card immediately for the policy, I later received the policy with an invoice for an additional amount of \$130 for coverage, which was attributed to the fact that my wife had an accident seven years ago and they were charging me for this. I found out after further investigation that—it was seven years, but I missed their cut-off by one month, so they were charging for another year. I paid the additional amount, then received an additional invoice for a further \$320. I phoned the broker and questioned this additional cost, and he later called back and said that it was because the car was registered to my numbered company. All this information was provided to the insurance broker at the time of the quote, and the numbered company information was also provided. I subsequently cancelled the policy and again searched for another insurance broker.

I have yet to believe that insurance brokers act in the best interests of their policyholders.

Thank you for your time.

The Chair (Mr. Bob Delaney): Mr. Singh.

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Mr. Jagmeet Singh: In terms of your experiences with the various agents for the brokers, your concern is that they weren't acting in your best interests; they were

simply acting in the interest of whatever insurance company they—

Mr. Sidney Chelsky: They were acting, as far as I'm concerned, where they're going to get the best commission.

Mr. Jagmeet Singh: Do you reside here in Toronto?

Mr. Sidney Chelsky: Yes.

Mr. Jagmeet Singh: In terms of the rate that you had previously received with Lombard and the coverage you received: any experiences around that?

Mr. Sidney Chelsky: With Lombard, the positive thing is that I have never found a company that was so accommodating and so fair. I had been with them, I guess, about seven years; maybe eight years. I don't know what happened to the company or what's happening to the company, but they're not even owned by Lombard anymore.

Mr. Jagmeet Singh: Do you have any recommendations of how your situation could have been avoided or would have been better if there was some protection in place or something? What would you recommend, if anything?

Mr. Sidney Chelsky: It's unfortunate, but I guess that I or anybody else cannot trust their brokers. They have to go and do some homework and start calling around and try to find an insurance company or an agency and start checking the rates, and not only the rates but their coverages, because they don't tell you—they're giving you maybe a lower price but then they've changed your coverage; you don't even know that you have the coverage that you require.

I was fortunate enough to find another company. I've now got coverage with Chubb Insurance, and it seems that I'm going to be quite happy with them, but I'm not happy with what has happened over the past while.

Mr. Jagmeet Singh: I think my colleague may have a question for you.

Ms. Teresa J. Armstrong: With Lombard, you had insurance for seven years? Prior to that—

Mr. Sidney Chelsky: Over seven years, I think.

Ms. Teresa J. Armstrong: With the same broker?

Mr. Sidney Chelsky: It was with two different brokers.

Ms. Teresa J. Armstrong: Different employees but the same agency for seven years with Lombard?

Mr. Sidney Chelsky: No. The first agency I was with, they were with Lombard. They tried to switch me over, and I went back and found another agency. That was Canada Brokerlink. Then I tried to find a third one, again to stay with Lombard, and I found this Unica one, and I had problems with them too.

Ms. Teresa J. Armstrong: So rather than asking your broker maybe to shop around for you within their agency of other contracts with insurance companies they had, you just took it upon yourself to try to find a Lombard broker to represent them? Did you ever ask for that option, for them to do a comparison with other companies that they had contracts with?

Mr. Sidney Chelsky: They said they were no longer affiliated with Lombard. As a matter of fact, one of them even said, "They're not a good company to deal with."

Ms. Teresa J. Armstrong: Your preference was Lombard?

Mr. Sidney Chelsky: Yes.

Ms. Teresa J. Armstrong: Okay.

The Chair (Mr. Bob Delaney): And on that note, thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, sir, for your deputation. Have you looked into filing a complaint against the particular agents of brokers in question? They are regulated professionals.

Mr. Sidney Chelsky: I know. I felt bad. I knew the individuals. I was not happy with their practice. I just felt that I couldn't bring myself to make those complaints. I didn't want to see them lose their livelihoods.

Mr. Yasir Naqvi: I appreciate that. I just raise that because these are professionals who are regulated by a very specific set of rules. The kind of things that you outline are most likely not allowed for them to engage in. To you and anybody who may be paying attention to this committee, if they have challenges regarding the brokers or agents, there are consumer protection avenues available to ensure that you avail them. I do appreciate your comments that you have made today that we may want to consider when we're doing the deliberations in this committee. I appreciate it. Thank you.

Mr. Sidney Chelsky: Thank you.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. I think it's wise for anybody out there to, with the insurance industry, definitely call up numerous brokers at a time to compare their rates because their contracts with insurance companies tend to change from time to time.

My thoughts on brokers, in general, was trying to work with them more so that they have a part in educating the public about the insurance industry as a whole. Would you think that would be an avenue to go with them, or have you lost all hope in brokers altogether?

Mr. Sidney Chelsky: Well, I've lost faith in it. I've seen the commercial on television a number of times now. They're just saying, "Trust your broker." Well, you can't, and that's the reality. So I—

Mr. Jeff Yurek: I get you. I mean, every four years you get all three political parties doing their commercials too, and you can probably throw the same argument at them. But I think it's key that the consumers out there—and maybe more so the brokers, the agents, should be saying, "Get quotes. Don't deal with"—like, every year, just make sure you're checking on the other brokers to see where the best price lies—

Mr. Sidney Chelsky: I actually believed that the broker's responsibility was to protect their client, to do the best they could for them. Unfortunately, that's not the reality.

Mr. Jeff Yurek: Right. I think definitely getting price quotes, but definitely pushing on them to improve the education out there, that's probably the best route, to go

through the broker and maybe apply a little pressure on that.

The Chair (Mr. Bob Delaney): Okay. Thank you very much, Mr. Chelsky, for having taken the time to come in and see us this morning and for delivering your thoughts and your opinions and your deputation.

Mr. Sidney Chelsky: Thank you for the opportunity. Have a good day.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, the committee is in recess. Would you kindly try to return to the room about five minutes before 1 p.m. We are in recess.

The committee recessed from 1146 to 1304.

The Chair (Mr. Bob Delaney): Good afternoon. We'll bring the committee relating to the study of the auto insurance industry back to order.

Before we proceed with our deputations this afternoon, there was a matter that had not been dealt with this morning pending some further information, and I would like to ask that the committee go in camera at this point to discuss that matter. Would our guests and deputants kindly just step outside the room for a few moments?

The committee continued in closed session from 1305 to 1312.

PANEL OF CLINICAL EXPERTS ENDORSED BY THE ALLIANCE OF COMMUNITY MEDICAL AND REHABILITATION PROVIDERS

The Chair (Mr. Bob Delaney): The committee will now come back to order. Our first presentation this afternoon will be from the Panel of Clinical Experts Endorsed by the Alliance of Community Medical and Rehabilitation Providers. That would be you.

Ms. Tracy Milner: That would be us.

The Chair (Mr. Bob Delaney): Welcome, this afternoon. You'll have 20 minutes to present your thoughts and opinions, followed by 10 minutes of questioning divided equally among the three parties. This round of questioning will begin with the government side. Please state your names for Hansard and proceed.

Ms. Tracy Milner: Good afternoon. My name is Tracy Milner and I'm here with Patricia Howell. We are here to represent a panel that's comprised of experts in the field of physical medicine, rehabilitation, neurology, psychiatry and neuropsychology; experienced clinicians from both the public and private sectors who work with those who are seriously injured in motor vehicle accidents every day; and a number of not-for-profit groups that support accident victims across Ontario, including the spinal cord and brain injury associations of Ontario.

In 2011, we prepared a detailed, evidence-based critique of the FSCO expert panel report on catastrophic definition. We agreed that the catastrophic definition could be improved in some areas, including addressing the gap in treatment for those who are eventually deemed catastrophic, particularly as those seriously injured

people now run out of funds in approximately six months yet have to wait years for a final catastrophic designation; the use of some promising new assessment tools; and that children with traumatic brain injury do require long-term follow-up and care. However, we expressed significant concerns about the new proposed catastrophic definition from a scientific and clinical perspective, concluding that, if implemented, the new definition would make it far too difficult for the seriously injured to qualify; would be discriminatory, for example, against those who live outside of major city centres; and would result in an even more complex system with more disputes than we have currently.

We have outlined very specific and practical revisions that would address these problems. A subgroup of our members met recently to review the recommendations of the superintendent's final report. We were distressed to see that our recommendations were ignored, with only one notable exception around the removal of the inpatient rehabilitation requirement. New changes were added that would result in even more barriers to care for those most severely injured.

It's our goal today to comment on the following from a scientific and a clinical perspective: The key recommendations from our original submission have not been addressed. That's in your packages that you have with you today—a copy of our submission from 2011. There are now new areas of concern based upon the additional changes that were recommended by the superintendent. You also have our response to that; that's also included in the package you received, as well as our PowerPoint slide presentation, which you're seeing. We'd like to discuss what practical steps can be taken by the select committee and this government to address these issues.

Before we start, we also want you to know that we're part of One Voice, an even larger multi-stakeholder group that has come together to speak out against these changes to the catastrophic definition. Our presentation will focus on the science, but please also listen to them. They'll be speaking to the devastating impact that this legislation change will have not only on the victims but on society and health care as a whole.

Ms. Patricia Howell: In our original submission, we questioned the reason for change. No data has been released to indicate that the estimated 1% of victims who are currently deemed catastrophic are accessing benefits inappropriately. We add that it is also inappropriate to make further changes before we measure the impact of the 2010 cuts. Recent figures indicate that claim costs have dropped by 50%. Additional cost savings on the backs of the most seriously injured cannot be rationalized.

We also question the composition of the methodology of the panel. Six out of eight members of the FSCO panel are academic researchers with no clinical experience working with auto insurance victims. In fact, there were no experts on the panel in the area of spinal cord injury, pain disorders or psychiatry, which represent the bulk of the panel's recommendations.

Half of the panel had been consultants to the IBC, which has introduced a real potential for bias. In addition, it's important to note that they used a modified Delphi method to develop consensus. This method requires up to 50 panellists when they are of a diverse background. The FSCO panel was comprised of only eight people and they were of diverse background, so this renders the validity of their consensus questionable.

We also feel that the combination of mental and physical impairments should be allowed and that pain should be taken into consideration. Disability can result from the sum effect of physical pain, psychological and cognitive symptoms which can lead to an inability to manage at home, in the community and at work. All of the science supports the assessment and treatment of the whole person, including the up-to-date statements from the World Health Organization, the most current AMA guides and the current best practices across all areas of medicine and rehabilitation. This approach is also supported in the Canadian Charter of Rights and Freedoms, which states, "Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability."

Recent decisions in the courts have also supported this decision, and you'll see in our paper a list of those most recent decisions.

It is noted that the FSCO panel in fact did not disagree with this combination in principle. Rather, they argued that it should not be allowed because they "did not have sufficient resources to address some of the challenges that exist in the methodology." This is not justifiable. The proper solution is to address these challenges, not to disallow their combination.

We also feel that existing measures should not be replaced until new ones are proven practical, reliable and valid. In any clinical setting it's important to note, of course, that tools are valid—that means that it measures what it's supposed to measure; and reliable, which means that two different assessors assessing the same person will identify the same score or rating. There's absolutely no justification to replacing well-known and commonly used assessment tools such as GCS, quadriplegia, paraplegia, mental and behaviour classifications and the DSM psychiatric diagnosis before these other new tools have been proven valid and reliable. The FSCO panel and the superintendent acknowledge that further study is indicated for one key test to be used with children with brain injuries. In fact, the FSCO panel rewrote that test. That is no longer a valid or reliable assessment.

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We also added in our original submission that many other tools also needed further study. For example, the GOSE, which is used with adults with brain injury, has very poor inter-rater reliability at the key moderate disability cut-off point. Further study is needed. The SCIM, which is an assessment for spinal cord, is a very valid

and reliable tool, but only when administered in its entirety. The panel has recommended only use of one subtest.

If these changes are made, there will be more differences of opinion amongst assessors, more disputes, more gaps in care, more cost to the system—the exact opposite of the intended result. We are concerned that those who had benefited from rehabilitation will not have access to that, and the implications will be that people will not get to work, they will not get back to school and other things.

It is also noted that there is actually evidence to support ongoing use of the GCS, the Glasgow coma scale, which the FSCO panel did not appear to consider. A recent multi-centre consensus panel report entitled Evidence Based Classification of Brain Impairment: Application to Catastrophic Impairment Classification concluded that a modified GCS scale was predictive of outcome, and other measures, such as post-traumatic amnesia, a measure not considered by the FSCO panel, were well correlated with outcomes in the need for care. This study should be considered before any changes to the cat definition are made.

We also disagree with the benchmarks chosen by the panel, as they're far too difficult to reach. The superintendent released data saying that only 1% of those injured are deemed catastrophic currently. These represent those who suffer the most devastating injuries. Our panel and our legal community estimate that if the changes made to the cat definition as proposed are implemented, the number of people deemed cat would be cut in half. There's no justification for this, especially given the recent cuts in non-cat funds.

For example, in the case of psychiatric impairments, why would the panel recommend that the cut-off on the GAF test be 40 when a GAF score of 41 to 50 is equivalent to a 55% rating, or marked impairment? In a case of spinal cord, what rationale is there for excluding someone with incomplete paraplegic who can only walk a short distance inside with a walker and will always need a wheelchair to function? Why would we consider excluding the adult whose brain injury is so severe that he can only work at a sheltered workshop? And certainly children who, at a year, still need attendant care for a good part of their day need long-term and intensive support.

Please see the specific thresholds we recommended in our submission. These cut-offs would more effectively identify those who truly need long-term and intensive support.

Ms. Tracy Milner: We would also now like to focus on the additional recommendations that were introduced by the superintendent that cannot be justified. First, the superintendent recommended in his report that he felt that all treatment plans must be signed by a doctor. The recommendation that family doctors act as gatekeepers was brought forward and discussed at length by government and stakeholder groups. When we were debating the proposed cuts to non-catastrophic back in 2009 and 2010, the government at that time recognized that this

was discriminatory, as almost a million people in Ontario do not even have a family doctor, and not consistent with current best practices, given that this would revert back to an old medical model of care that hasn't been used in Canada for decades, where regulated health professionals needed to be supervised by a physician. It's not necessary for our family physicians also to become insurance clerks.

It's not realistic, as family doctors do not have the time or the training to oversee the complex rehabilitation needs of these most seriously injured individuals. In current practice, any medical input for these individuals is typically provided as needed by specialists, like physiatrists or psychiatrists etc., and focuses on the medical advice—for example, medications or surgery—not rehabilitation needs.

It's not necessary, as those deemed catastrophic have access already to a case manager whose role it is to in fact oversee the rehabilitation process and ensure that all programming is coordinated and focused. This represents a huge barrier to catastrophic clients in terms of accessing services or purchasing goods on a timely basis.

There's already a check and balance in the system. Insurers can still order their own assessments to evaluate the reasonableness of a request by a victim for treatment. There is no rationale for implementing the recommendations of the superintendent in this area, who has no medical training, especially as this was not even suggested by his own panel of experts.

The superintendent also recommended that catastrophic assessments be done by doctors alone, without input from a multidisciplinary team. For the same reasons that family doctors should not be gatekeepers, this is highly problematic. In fact, the Glasgow outcome scale extended and other tests recommended by the panel are actually based on the assessment of the person in their home and in the community, and therefore input from occupational therapists and other team members is essential to the process.

The superintendent recommended that interim catastrophic benefits should be limited to \$50,000 and that this would have to cover both medical and rehab benefits, as well as the attendant care needs. The superintendent noted that the interim catastrophic designation should be used for those who, in all likelihood, will be deemed catastrophic. If this is the case, then a \$50,000 cap is completely unreasonable as it will only last for months and will in no way bridge the years it can take to obtain a catastrophic determination. Again, this recommendation is from the superintendent himself. In fact, his own panel appeared to suggest that there not be a cap on interim benefits, as a person should be considered catastrophic until proven otherwise.

In addition, the superintendent recommended that those admitted for in-patient, day patient or outpatient rehab should be deemed interim catastrophic. We agree that these individuals need access to early and more intensive supports. However, as there is no access to care in many areas of Ontario and there are no set standards

across facilities or across the province for admission to what programs do exist, this criterion is unfair and discriminatory.

Also, it's just not reasonable to tie the entitlement to the system in auto insurance based on how services are distributed in the public funding model.

Ms. Patricia Howell: In summary, we find the new definition will exclude too many people who should qualify. It could be discriminatory and unfair, it's too complex and it will cause more disputes and more people going without care. These changes should not be implemented.

What are we asking of this committee and this government? If changes to the definition of cat impairment are to be implemented, they need to be based on wide expert and stakeholder feedback, not just that of eight individuals, of which most have a bias towards the insurance industry and the insurance regulator. It is also essential that this government increase funding for those with serious non-cat injuries.

The insurance industry's rationale for the cuts to the serious non-cat benefits in 2010 was that claims costs were skyrocketing because of widespread fraud across all injury groups. However, the anti-fraud task force has now confirmed what the alliance, the coalition and others have been saying all along: What fraud exists is not being done by those with serious injuries, like paralysis and brain injuries, and it is likely more criminal in nature than opportunistic. We must now recognize that the 12,000 people each year who have serious injuries were a casualty of the war on fraud and make changes to ensure their legitimate needs are met.

Interim benefits are one option to consider, but this will make the system more complex and costly. Instead, we recommend increasing the non-cat benefits back to an appropriate level.

In closing, the government stated in 2010 that the goal of this review should be to ensure that the most seriously injured victims are treated fairly. Most of the recommendations made by the panel and FSCO run contrary to that goal. They should be stricken in favour of recommendations which are true to the government's promise.

Ms. Tracy Milner: In parting, we just want to highlight to you: If you look through the list of contributors that you have alongside of our submission to this response, as well as to our response in May, you're going to notice that there's a wide array of experts, both from the public sector—neurosurgeons, physicians who have waiting lists for years, who have all taken time out of their schedules because it is so important to them that this issue is addressed. I'd just like to recognize the work of the team, because in our time as rehabilitation professionals and working in the health care sector, to see that many people come together at once to say the same thing and support the same message has been absolutely incredible.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for being here today and for your presentation. I've asked this question before to a previous deputation, and I'll ask it again. You talked about the panel's report, things that you disagree with. Are there parts of the recommendations you agree with in the panel's report? What are they? Or are you sort of disagreeing entirely with what the report is recommending?

Ms. Patricia Howell: I can answer that.

Mr. Yasir Naqvi: Please.

Ms. Patricia Howell: I was the project lead on that initial submission, so I was the one who gathered all the teams together to put together the recommendations—and absolutely. Our report is 50 pages long, and I don't know who has the time to read it, but the reality is, every piece of the recommendations, we looked at very closely. We said, yes, we support the use, for example, of this particular test as potentially better than the tool being used right now, but first do the inter-rater reliability studies at that test before you remove the old tool. Things like children needing long-term follow-up and care—a lot of support for that. On the new superintendent, they didn't address our concerns about that because it wasn't clear. The FSCO panel recommended that children have long-term needs, so you can't decide—a child with a brain injury at two might look fine at three but have serious problems by the time they get older, because they're not able to learn. They talked about that in the original submission, but they didn't clarify exactly how that was going to happen and what money would be available to them.

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You will see a number of things we did agree with. We agreed that there's a gap between the non-cat—non-cat funds are running at about six months now. That could be a child with a brain injury, for example. They're not really able, under the current definition, to go through the medico-legal process to be deemed cat until two or three or four years, so there's this gap that exists. They introduced the idea of interim benefits as being a response to that, but we are now disagreeing with the amount proposed. Also, we just think it adds another complexity issue. Why not look back at the funding levels for non-cat? They've been in place for 16 years. Public health care has skyrocketed. We've seen it, those who are doing work in this area. The funds used to last three years, and now they're lasting two years and they're lasting less and less, so it's important to revisit that.

So the answer is yes, there were things we did agree with, and we tried to build on them. We tried to be constructive in our report. If we disagreed with something, we said what should happen instead.

Ms. Tracy Milner: I think the easiest way to see it, if you're looking at our submission—what we've tried to do is say, "Here's exactly what the expert panel recommended," and we highlighted that in one box and said, "Here's what we recommend, and here are some questions and concerns that we have."

What we did, in addition, was say, "Here's the type of person who's going to get missed if we go with the first scenario." So we give you a case example of the type of person who's very seriously injured but the way that it's written just doesn't capture that that person is going to need the care that they require.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Just a couple of quick questions for you. With regard to the doctors needing to sign the treatment plans, Dr. Becker was in earlier today, and he talked a lot about the—

Ms. Patricia Howell: Excuse me. I wear hearing aids, so I'm just having trouble hearing you. Thank you.

Mr. Jeff Yurek: That's okay. My mom always says for me to talk louder too. I'm kind of a mumbler—not a bumbler; a mumbler.

Dr. Becker talked about the mental health aspect of these changes and the fact that it's going to take away from services that are in short supply, especially in rural Ontario.

The doctors need to sign treatment plans. Do you know if the panel has actually considered talking to the OMA about the fact that they're going to be taking over this aspect—and the shortage of doctors, particularly in rural Ontario—how that would affect the current OHIP system we have?

Ms. Tracy Milner: We met last week, after we knew that we had an opportunity, and brought our panel of experts together. The concern by the physicians, who are part of the AMA, who were part of our panel—their indication was that this is going to tax the system significantly.

If you think of how that would realistically or practically work out, in terms of making the appointment, to get that signed, to explain what needs to happen, to explain your clinical reasoning as a health professional to the family physician, to reach consensus, when things could be as urgent as getting someone a hospital bed because they're coming out of hospital, and the costs that then arise as a result, if we have these gaps—it means that person is spending an extra day in the hospital; it means they're spending maybe a week, if we can't get to the family doctor. There are some realistic and practical implications, which the physicians on our teams certainly raise to us.

Ms. Patricia Howell: For example, I'll just use the case of a child with a brain injury. Right now, we have to submit forms about every two or three months—each discipline. That child might be getting physiotherapy, occupational therapy. There could be five or 10 different services in place, especially when they first go home. These are the most severely injured individuals. No one really questions that they're going to need help. These are the catastrophic, not the minor injury guideline. To have a request, as each of those new forms needs to be updated—which can happen at any time; we're not all on the same schedule—then the family would have to take their child to the doctor and get that signature. There

could be 10 signatures required in a two- or three-month period for life, forever.

Mr. Jeff Yurek: And that would be all a cost paid for by the taxpayer because they are making the doctor's visit?

Ms. Patricia Howell: Yes.

Mr. Jeff Yurek: And the second question: They're talking about not doing a multidisciplinary approach, whereas our health care system is moving to family health teams, which is multidisciplinary.

Ms. Tracy Milner: Yes. Both of us—

Mr. Jeff Yurek: Do you think that this is kind of a backward move?

Ms. Patricia Howell: Totally. We don't understand where it's coming from because the Ministry of Health is trying to download from physicians to other providers and new—so exactly. It seems to go against everything that's happening in medicine and rehabilitation.

Ms. Tracy Milner: As I was going to say, I think we've come together to realize that it's not just a medical approach to health care; it's an allied health/medical approach where everybody works as a team. That's certainly what we've seen the teams move towards. As we're doing that, we realize that everybody has their strengths and that you can only be experts in your area and your scope of practice. To say that one person can then be all those things, as you said, is reverting back to a practice that hasn't been in Canada for decades.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Thank you for your presentation. One of the issues that came up in a previous deputation was that some of what the new changes are going to do, some of the impact, is that it will download a lot of the costs on to the public sector and burden an already burdened health care system. Can you comment on that and your insight into that issue?

Ms. Patricia Howell: I can add that I'm very pleased to say that we had this first multi-stakeholder group come together last year, and again now to review this submission, but in the meantime this One Voice group has also—so it's an even bigger group. It might have been a bit confusing who's what. We're multi-stakeholder; now we're part of an even bigger one. I'm very pleased to say that there's someone presenting from that group today, and they represent—where we are the clinicians treating accident victims and then experts working in the hospitals, like neuropsychologists and neurosurgeons, this group is really speaking to the implications to society and to the public health care system.

Absolutely, there will be a huge download. There are already wait-lists for services for people who don't qualify because their injury was not in a car accident, and if they can't access services through auto insurance, where else do they go but to the public system? It's important to note that those services are stretched beyond capacity now.

Ms. Tracy Milner: I think even within the public system there's an assumption that the auto insurance system

exists in the manner that it does and that it is going to treat and provide the intervention that's needed to have these people who are seriously injured return to things like work, to be able to be there for their families, to be there for their children and for school and to have interests and be productive persons in society. I think that it is just very straightforward logic to say that if we're not treating them, then either they are not getting treated or they are waiting for treatment somewhere within the system. That means that something has to change, and that's going to cost money.

Mr. Jagmeet Singh: Looking at the type of benefits that we receive now in Ontario, are you able to provide an opinion of where we rank compared to other provinces or other similar jurisdictions in terms of the services that we provide or our insurance regime provides for?

Ms. Patricia Howell: In the past, people have used the term that we have the "richest" auto insurance system in the country. I would say now we have the poorest with the introduction of the minor injury guideline and the \$3,500 cap—that's the vast majority of injuries—and serious non-cat, which are now at \$50,000, and that includes assessment costs. It used to be \$100,000 plus assessments. The attendant care was cut in half for the serious non-cat, so instead of it lasting two years, it only lasts one year. And only 1% are getting the \$1 million. When you look at those 1%, they're very, very devastating injuries.

So I would say that right now we have one of the poorest systems of auto insurance in Canada.

Mr. Jagmeet Singh: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you, and thank you for coming in to make your deputation today.

MR. RICHARD GAUTHIER

The Chair (Mr. Bob Delaney): Our next presenter is Richard Gauthier. Good afternoon and welcome. Make yourself comfortable.

Mr. Richard Gauthier: Merci. Thank you. Thank you for hearing me this afternoon.

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The Chair (Mr. Bob Delaney): You will have 15 minutes—vous avez 15 minutes—followed by 10 minutes of questions—suivies par 10 minutes pour questions. This round of questions will begin with the Conservatives. Please state your name for Hansard and proceed.

Mr. Richard Gauthier: Thank you. My name is Richard Gauthier. I'm an actuary. I've been in practice for 32 years. I've practised with public insurers—ICBC in British Columbia; I've done private insuring here in Ontario; a managing general agent; and I've been a consultant for 23 years. I'm the partner in charge of the P&C actuarial practice of PricewaterhouseCoopers. As a consultant, I'm the actuarial consultant to the New Brunswick Insurance Board—in New Brunswick, obviously—since 2004.

I'm here to present a proposal on how to simplify the rate approval process in such a way as to increase effi-

ciency, give a faster response to requests by the various insurers, permit FSCO to focus their resources on the more important classes of business, create a transparency of the decision-making process and recognize that rates need to be updated regularly.

If I look at the broad goal of automobile insurance, the broad goal of affordability, availability and fairness, there are roles for the government and there are roles for the insurance industry. The government sets up and defines the insurance contract and, consequently, determines the overall costs and affordability of the automobile product. The definitions in the contract basically dictate its overall cost. Therefore, the government has interest and a role in ensuring the availability and has a role in supervising the pricing of the product.

On the other hand, the role of the industry is to distribute the cost of the product to the insured population according to each individual's expected cost. This is a good actuarial principle. It's an actuarial principle that has been recognized as generally accepted actuarial practice by the Canadian Institute of Actuaries. It applies as much for automobile as it does for life. You do not charge the same for an 80-year-old for life insurance as you do for a 26-year-old. You do not price the same someone who has a Ferrari versus someone who has a Ford Focus—no judgment on either car; it just is.

Each time you violate that principle of paying according to the expected costs, you have someone who pays too much for insurance and you have someone who doesn't pay enough for insurance. It creates a disincentive for the person who is underpriced because it's a disincentive for them to improve.

I need to demystify something here. It is important to understand that insurance exists to share and distribute unexpected losses. Everybody should pay according to their expected losses. What we share among ourselves is when our individual losses are greater than the expected losses; that's the difference that we share. We do not share the expected losses. We pay for our own expected losses. I got three speeding tickets last year. I can tell you that I'm paying my expected losses this year. Therefore, what we're sharing among ourselves—I read in Ms. Hardy's paper that insurance is about sharing risk. Yes, it is, but the risk we are sharing is the risk that our personal costs will be greater than our expected costs. It is that difference between our expected costs and the actual outcome of the year that we're sharing.

If we don't follow that principle of "the premium follows the expected costs" at the industry level, if a company is not capable of identifying those costs properly, that particular company will cease to exist because the company will end up underpricing their product, not making their cost of capital, and disappearing. For the survival of a company, they must charge according to the expected costs of their insured. Therefore, the industry has a built-in incentive to price individuals appropriately according to their expected costs; no more, no less. We have competition in this province and in this country, in most places, and therefore there is a built-in process, a

built-in safeguard, that everybody will pay according to their expected costs.

I understand that insurance is important and that government has a role to play, but that role should be exercised with some parsimony in order to focus regulatory resources on the areas of greatest importance. For example, in my report that I have on the table behind, I suggest that FSCO have a more oversight role in classes that I characterize as less important. Let me rephrase this. For me, "important" means: Do you need the vehicle to bring your kids to school? Do you need the vehicle to get your groceries? Do you need the vehicle to go to work? That, for me, is an important class.

On the other hand, if you don't need, for example—again, I'm not trying to give a value judgement, but a \$300,000 Winnebago or a \$50,000 motorcycle is not needed to get the kids to school or to get the groceries, and so on. There are a variety of categories of vehicles. I think FSCO should modulate its approach and maybe have more oversight over certain classes of vehicles that are less important to the day-to-day life for us, a lighter footprint, and maybe that would permit it to focus more resources on classes of business or classes of vehicles that are more important to the day-to-day life of the population.

I suggest, for those recreational vehicles, ATVs, motorcycles—I also suggest commercial non-fleet. They do not look at commercial fleet, five or more vehicles, but I would put commercial non-fleet in that category—not that they're not important, but they are specialized vehicles. I would suggest that FSCO adopt more oversight and not get too deep into details of approval of every single rating factor and so on. This will free up fiscal resources to better address the more sensitive area of private passenger vehicles. This is the area that impacts the most general population.

When we look at private passenger vehicles, we need to recognize that the rate-making process, the identification of the overall rates, has basically two complementary processes. First is the determination of the overall rate requirements: How much money do I need next year to meet my capital costs, commissions and so on? That's kind of the big picture: How much money should I charge?

The second exercise—not less important—is: Who should pay what? Here's the bucket of money I need. How do I attribute the parcel of that bucket to different insureds? That's the second part, what I would call the classification pricing model, where we try to basically find out, at the individual level, how much they should pay.

For the former, the determination of the overall rate level, we study the past, we study the trends and we combine the two to figure out what we think the losses are going to be next year and therefore how much money we'll require next year. The determination of the classification by identifying the expected cost by category of insured is a very important task for the success of the company, a task made even more complicated because

the measurement is often indirect. Nobody gets a little card in their wallet: "Next year, I'm going to be a bad driver. Next one, I'm going to be a good driver." Nobody gets that. We have to go with indirect: "The people with the following characteristics have a propensity to have larger losses." People who are 80 years old tend to die faster, or, more of them will die next year than people who are 26 years old. It's the same kind of process.

None of those are trivial exercises, whether overall or classification. Significant resources at the company and at FSCO are required to do that review. Currently, when an insurer sends a rate application to FSCO, it takes three to six months to get approval. You've got to put that three to six months in context. When you issue an insurance policy, it's for 12 months. It is a little disquieting that it would take three to six months to get a rate approval for a product that's 12 months. We suggest that by maybe having a lighter approach in some of the classes that I already mentioned, more resources at FSCO could focus on private passenger auto.

When it comes to private passenger auto, I think we all—"we all"; I will not put words in your mouth—there is maintenance required. There is CPI, consumer price index. Things go up from year to year. The basket of goods of insurers is not your basket of goods of the common consumer because we buy more medical than we buy food. Okay?

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There should be an incentive in the system for companies to keep up with the price movement of the product. Therefore, we should have a process by which insurers should be able to do maintenance filing, something to just keep up with inflation of the insurance product.

And this maintenance, why is it important? In my work for certain regulators, there are really two aspects to affordability. There's the absolute dollar value of the premium, but there's also the budgetability of the premium. People can go \$1,000, \$1,005, \$1,010, \$1,015. They cannot go \$1,000 for five years, \$1,500 at the end of five years. They need to be able to budget their premium as they go through. Therefore, it's important for insurers to be able to make maintenance filing to keep the premium from having to make a large jump. There should be a process at FSCO that recognizes that. Make things relatively easy for insurers to file for what I would call maintenance change.

This would be a simplified filing process and anything that falls within that category should be presumed to be approved unless the regulator sees something that is completely out of tune and says no to it. We would suggest that this simplified process should be relatively quick, from FSCO's standpoint, for approval. After 30 days of having sent the simplified package to FSCO, we should be deemed approved and we move on.

The question then becomes, what is the line by which it's only a maintenance filing versus what I would call a more structural filing, a full filing? I will come back to you in a moment on that.

A full filing, which would require, then, the submission of all information, including actuarial justification, would be required for anything that is not of a maintenance nature, and this package has to be signed by an actuary that says, "What I'm putting forward to FSCO for approval meets Canadian accepted actuarial practice."

The Chair (Mr. Bob Delaney): Mr. Gauthier, you've got about two minutes to go.

Mr. Richard Gauthier: Thank you.

And the answer from FSCO on those full filings should also follow accepted actuarial practice. Both parties should be joined by that.

Finally, going back to our CPI plus key maintenance, we propose that a joint committee of the industry and FSCO be formed to basically advise the superintendent of the trends in the product, because the industry knows faster than FSCO what's going on with the product. They have access to that information inside the company. FSCO has access to industry-wide information. By its nature, industry-wide needs to be collected and verified industry-wide and therefore lags the minute-by-minute.

To recap, the process I have proposed in my report is, let's focus the efforts of FSCO on PPA, only supervisory on the non-essential types of vehicle; on the essential type of vehicle, recognize that there is a maintenance aspect to it that should have a relatively light touch by FSCO, with a more heavy, if you want, more hands-on approach on the structural filing; and that that joint committee will advise the government on trends to permit them to have better decisions of what is an acceptable maintenance filing and what should be following the structural filing standpoint.

Thank you.

The Chair (Mr. Bob Delaney): Perfect. Right to the tick of the second.

Mr. Yurek.

Mr. Jeff Yurek: Thank you, Chair. Thank you for coming out today; very informative.

I posed this question to FSCO when they were here earlier this morning about kind of cutting back—file-and-go, I guess, a file-and-use type of rate, because I was asking how long it takes. I've talked to a few insurers and they've taken over a year in some cases to get a rate change. My concern is, with claims costs going down and people getting lower premiums—the rate change index should give them a lower premium. FSCO basically said—I'm going to paraphrase for them—that they don't trust the insurers to do so. Would you not think that competition between 60 insurance companies would ensure that rates aren't going to skyrocket through the roof if we use file-and-use? As you're from New Brunswick—

Mr. Richard Gauthier: I am the consultant for the New Brunswick Insurance Board.

Mr. Jeff Yurek: And they have kind of the same idea of file-and-use. Are the rates—

Mr. Richard Gauthier: The rates in the province of New Brunswick have been stable or declining now since 2004, because the reforms in the product that had been

put forward in 2003 had removed the incentive to make certain types of claims of the system, and therefore the price has been coming down. Insurance companies have been decreasing their rates throughout that period.

In New Brunswick, when a company files, we tend to get them an approval, if the filing is in order, very quickly: a couple of weeks. The exception is on structural filings that have significant impact. In New Brunswick, there is a threshold at 3%. If a filing is above 3%, the approval process is much more stringent, potentially having an outside intervener in the process. We've been doing that for a number of years. A fast response gave confidence to the insurance companies that if the cost changes, the board can review their filing and adapt their position relatively quickly. The problem we have, when it takes you six months to get an approval, is that you will be a lot more cautious before putting that finger in that machine, because you don't know how you're going to come out six months from now.

Mr. Jeff Yurek: Sure. The insurers in New Brunswick are the same insurers that are in Ontario?

Mr. Richard Gauthier: Yes, for the most part.

Mr. Jeff Yurek: So I would assume that they'd operate the same if we had the same type of model for New Brunswick and Ontario.

Mr. Richard Gauthier: I would hope so.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: There are certain risk factors that are banned in Ontario, and there's a reason for that. Would you agree that there's a reason for banning certain—

Mr. Richard Gauthier: There are certain parameters that cannot be used in pricing because they are socially unacceptable.

Mr. Jagmeet Singh: Do you agree with that principle, that there are certain things that are socially unacceptable?

Mr. Richard Gauthier: I agree that certain factors are unacceptable socially; correct.

Mr. Jagmeet Singh: Are there any additional risks that should be banned because they're unfair socially—that are not currently banned?

Mr. Richard Gauthier: I am not aware of other criteria that should be abandoned for social acceptability. It's not an appropriate policy to deny insurers the use of information that they know.

Just to give you an example: territories, because it's an example close to my heart. We had the issue in New Brunswick where the government in the 1990s decided it was not fair to have a premium varying by territory; that mandatory insurance should have one rate for the province. That was the position and that was implemented. It created issues of availability; it created issues of distribution. Just to simplify, if I may: The north of the province required a premium of \$1,200; the south of the province required a premium of \$800. The rule was, "Everybody will pay the same thing." Therefore, what you ended up with was one insurer servicing the north of

the province at \$1,200 and another insurer serving the south of the province at \$800. The insurers that were acting in the south of the province were absolutely absent in the north. You couldn't find their name in the Yellow Pages; they were ghosts—

Mr. Jagmeet Singh: Just to stop you there, what about if there's no evidence to support the disparity in rates in a particular localized region—for example, in the greater Toronto area? The evidence would suggest that the rates are sometimes two times or 2.5 times different from one region to another, but the claims data don't support a 2.5-times-higher claims rate. Would you agree that that's an unfair practice, then?

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Mr. Richard Gauthier: There are more factors than the one of territory. I would say if there is statistical evidence that shows that the loss costs in a territory is X times the loss costs of the average in the province or another territory—if there is statistical evidence, I think it should be used.

Mr. Jagmeet Singh: And it should be proportional to the actual claims loss, as opposed to just increasing their rates on an arbitrary basis.

Mr. Richard Gauthier: There is no room in accepted actuarial practice to raise rates on an arbitrary basis.

Mr. Jagmeet Singh: Okay.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Monsieur Gauthier, for your presentation today. You started out by talking about Ontario's rate approval process. I wanted, given your expertise in the area, to get a sense from you as to how Ontario's process compares to other provinces' in terms of the rate approval. Are we the most stringent? Are we middle-of-the-road? Who is where, in terms of the whole mechanism?

Mr. Richard Gauthier: At one end of the scale, you have Quebec, which is essentially "file and use," end of story. Then, after that, you have the provinces where you have one public insurer, a monopoly, which tend to have one hearing per year—Manitoba and Saskatchewan, and British Columbia being the other one.

After that, it's difficult to rank provinces in terms of complexity of filing. They all have their peculiarities.

Newfoundland is a very, very difficult place to do business because of the filing process. There are a lot of insurers that are no longer in Newfoundland because the process is too onerous.

In Nova Scotia, the process has changed over the past two years. They have changed their process, so therefore the jury is still out as to how complex it is.

I will not speak to New Brunswick because I'm very involved with it. I think it's a good process—what can I tell you?

In Ontario, the size of the market and the importance of this market as to the insurer makes—it's not only the fact that the process is heavy; the process is heavy for classes where it should not necessarily be heavy, because the importance of the class does not necessarily deserve that level of attention.

One of the principal problems in Ontario is that there's a very small group who kind of post benchmarks. Remember, I told you that as actuaries, we have to look at the past and make assumptions. There are certain ranges of acceptable assumptions that FSCO puts forward, and this is being decided in a relatively closed—in a closed process with a profound lack of transparency. Therefore, insurers do not have a lot of faith in this benchmarking process. That's why, in my paper, I say we should have a joint committee to essentially add transparency and flesh out what those big assumptions ought to be, or what the range of those possible assumptions ought to be. That's the added complication in Ontario.

Mr. Yasir Naqvi: Just a very quick point of clarification before the Chair cuts me off: When you say the process is heavy, do you mean the process is stringent?

Mr. Richard Gauthier: The process is difficult to go through because it's not necessarily applied on a consistent basis.

Mr. Yasir Naqvi: Thank you.

The Chair (Mr. Bob Delaney): Merci beaucoup, monsieur Gauthier.

Mr. Richard Gauthier: Plaisir.

MS. NADIRA KANHAI

The Chair (Mr. Bob Delaney): Our next deputation is Nadira Kanhai. Please come forward. Make yourself comfortable anywhere you wish.

Ms. Nadira Kanhai: Thank you. I'm beginning to believe I'm in the wrong place.

The Chair (Mr. Bob Delaney): No, all the mikes work. They're all the same.

You'll have 15 minutes to present your thoughts to us this afternoon, followed by up to 10 minutes of questioning divided among the parties. The question rotation this time will start with the New Democrats. Please begin by introducing yourself for Hansard and proceed.

Ms. Nadira Kanhai: Hi. My name is Nadira Kanhai. First of all, I'd like to state that I'm grateful for this opportunity to provide feedback on auto insurance practice and trends. My comments today are informed by my personal experience and my profession as a registered nurse with working knowledge of the Regulated Health Professions Act. By sharing my experience, I intend to shed light on a disturbing practice in trends I encountered.

I'd like to provide you with some background information. On October 2, 2004, I survived a two-car collision. The auto insurance carrier required an in-home assessment for a claim for statutory accident benefits. An occupational therapist/registered nurse conducted the assessment. The report generated was inaccurate and biased and the health professional used and abused my personal health information to discredit my injuries.

My request to have the report corrected by the member was denied. The insurance adjuster utilized the report to decrease and stop benefits, ordered me to attend a functional abilities assessment by an orthopaedic sur-

geon, and suggested that if I had a problem to contact the Financial Services Commission of Ontario. Needless to say, the orthopaedic surgeon's report followed the identical template of minimizing, trivializing and discrediting injuries.

The insurer sent a kinesiologist to implement the OT's recommendations of a long-handled toilet brush, a duster and a long-handled bathroom scrubber. Her report also restored my health.

FSCO does not have jurisdiction over health professionals. I reported my concerns to the respective health colleges—namely, the College of Occupational Therapists and the College of Nurses of Ontario.

COTO conducted a mediocre investigation and issued a lame reprimand to justify to the public that some action was taken, but it did not address my issues concerning the accuracy of the report, the member's unprofessional conduct and the impact on the vulnerable public. COTO informed me in writing that these assessments are considered non-therapeutic.

CNO dismissed my complaint on the grounds that the member was not providing nursing services and was not acting in the capacity of an RN, although this member is currently registered and holds a current licence to practise and is utilizing her credentials to augment and enhance her credibility.

My requests for reviews by the Health Professions Appeal and Review Board, HPARB, fell on deaf ears and were completely fruitless.

I'm sure you can all read as good as I can.

A follow-up with the Office of the Information and Privacy Commissioner of Ontario concluded that this member was not acting as a health information custodian as defined under the act. Furthermore, these assessments are not conducted under the health professionals act for the purposes of providing care and are therefore deemed commercial assessments under the Insurance Act.

Other third party assessments were arranged and funded by the insurer with specialists, who, even though their websites indicate that they're not taking new patients, are readily available within a matter of days to conduct these assessments. Their CVs are impressive volumes, and many are professors and associate professors at one of our top universities in Toronto. These experts are practising in world-class institutions. Some assessments were even conducted in the hospital setting, a taxpayer-funded facility, and reports were placed on the hospital's or university's letterhead to add authenticity.

Please note that after all the experts paid by the insurance carrier declared me a malingerer and that my pain was subjective, a bone scan report revealed healing fractures to three of my ribs as a result of the impact from the airbag and fractures in my pelvis and symphysis as my knee went into the dashboard.

This has led me to my insights. My experience clearly demonstrates that there are "trusted" health professionals, whom I prefer to call mercenaries, whose credentials and opinions are for sale. These third party assessments, initiated and funded by the insurance carriers, are the first

step in denying injured accident victims benefits and validating them as malingerers.

It is imperative that we expose who is really gaming the system. By the way, spell-check considers the word "gaming" as a verb confusion and suggests a revision. It is crystal clear to me that it is the insurance companies who significantly contribute to driving up costs by paying exorbitant fees for excessive assessments which produce bogus reports that serve their interests. Some health professionals are comfortable providing this service because they have been reassured that they are protected. This is a very lucrative business.

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When there are staged accidents, they are prosecuted under the Criminal Code, and rightfully so. Why, then, when there are staged assessments, is there conveniently no recourse for the vulnerable accident victim? Are these assessments conducted in a vacuum?

My efforts have clearly demonstrated that conflict of interest is the foundation upon which the insurance industry operates. The golden triangle amongst the regulated health professionals, the arm's-length government agency FSCO and the insurance giants is dependent upon all parties remaining silent about conflict-of-interest issues. The spinoff economy generated within the financial sector of Ontario's business industry is mind-boggling—all done on the backs of vulnerable accident victims.

One would reasonably expect that when the government of Ontario agreed to have these assessments conducted by regulated health professionals, the intent was to level the playing field and ensure the public is treated fairly and equitably. However, these assessments have evolved into a parallel system in which regulated health professionals can practise within the complexities of the law and not be held accountable by the colleges or the public. They are essentially untouchable. This is an outrage.

If the government was serious about regulation of the industry and protection of the public, it would slap hefty fines on the insurance carriers, and the health colleges would discipline their members by enforcing their own standards, leading to revoked licences. However, conflict of interest is the grease that oils the wheels of the insurance giant and the financial sector of Ontario's economy.

There is a clear disconnect between the Regulated Health Professions Act and the Insurance Act at the assessment point. The former is for providing care and the latter is commercial. My personal health information is reduced to a commodity which I have no control over or access to.

My experience has left me to conclude that the Regulated Health Professions Act, the Personal Health Information Protection Act, the Insurance Act etc. are all an act to lull the public into a false sense of security and allow trusted members of our society to take full advantage of vulnerable accident victims. What can one do when the trusted members of our society are untrust-

worthy/unscrupulous and the systems in place to protect the public fail?

Regulation and self-regulation have failed in their mandate to protect the public, and this is a betrayal of the public's trust. A starting point would be to call for an immediate moratorium on all third party assessments initiated and funded by the insurance carriers and an inquiry into the exploitation of injured claimants by regulated health professionals within the Insurance Act.

There are other issues. Currently, the insurance carriers are secondary source providers. What that means is that one must exhaust their primary benefits before the secondary benefits are activated.

There is a problem with wage loss when one utilizes their sick time from their employer's bank to recuperate from an injury caused by an auto accident. When the employee returns to work and should other illnesses not related to the accident arise, they have no banked sick time. This results in an economic loss for the person.

The other issue is with rehabilitation physiotherapy offered through one's extended health benefits. One has to exhaust these benefits first. Should the person require physio for another injury not accident-related, the expense is out-of-pocket. This must be changed. The accident carrier must be the primary source when it is an auto-related injury.

That's my submission.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Singh.

Mr. Jagmeet Singh: Thank you for your deputation today, and thank you for taking the time out of your schedule to be here. I want to ask you: When you went through the process and had the insurance company arrange for the occupational therapist and registered nurse, it was one and the same person who conducted the assessment?

Ms. Nadira Kanhai: Correct.

Mr. Jagmeet Singh: Were you able to get an assessment from a person of your own choice; for example, your family physician or anyone else?

Ms. Nadira Kanhai: Yes, I did. My family physician assessed me; he completed a disability certificate, and he referred me to a physiotherapist. At the time, I was under the care of a physiotherapist. As a matter of fact, the actual day that the occupational therapist found me to suffer from no substantial injuries was the exact same day that I was receiving treatment from the physiotherapist for substantial injuries.

Mr. Jagmeet Singh: Wow.

Ms. Nadira Kanhai: Wow.

Mr. Jagmeet Singh: No, that's what I was getting at. So you had essentially two completely different opinions from two essentially completely different—you had your family doctor and another physiotherapist providing rehabilitation, and then you had the registered nurse provide a completely different assessment altogether.

Ms. Nadira Kanhai: Correct.

Mr. Jagmeet Singh: Were you able to show that you had two other people, both registered medical prac-

titioners, a doctor and a physiotherapist, both indicate that you were suffering from some serious injuries? Was that ever taken into consideration by the insurance company? Were you able to use that evidence or those assessments to counter the assessment of that registered nurse?

Ms. Nadira Kanhai: While a stack was on the table of the adjuster, having both the disability certificate of my family doctor along with the physiotherapist sending in her treatment reports—that was on her table, along with the assessment that was sent in by the insurance provider. She decided, "No, if you had a problem, why don't you go to FSCO? This is my opinion."

Mr. Jagmeet Singh: And did you ever follow up with FSCO? How did you find that experience?

Ms. Nadira Kanhai: I called FSCO. I was told by FSCO that they have no jurisdiction over the occupational therapist; however, if I wanted, I could enter into the dispute resolution process. That was going to be a very lengthy process, and at that time I really needed my energy to focus on recovering myself and recovering my health. Going through this process with the colleges was extremely lengthy. It was like hitting your head against a brick wall. It is quite a maze to try and navigate to get your health as well as to have this added on top of you whilst you're trying to recuperate from an injury. I was just treated as a criminal.

Ms. Teresa J. Armstrong: Did you actually get a resolution at some point and get some benefit recovered—payments for your injuries from the insurance company? Or were you denied altogether?

Ms. Nadira Kanhai: I did have to hire a lawyer and I did have to get some benefits restored, but it is the process, the lengthy process—for example, when someone goes to the hospital, they basically are filing a claim against OHIP, which is an Ontario health insurance plan. You do not have to put up with what you have to put up with with the insurance carriers; for example, my extended health benefits. If you are prescribed a medication by your family doctor or specialist, they fill it. They don't arrange for you to go and be seen by their own doctors and then decide whether or not you need the medication or if there's an alternative medication for you. So why then are insurance carriers allowed to do this to the public?

The Chair (Mr. Bob Delaney): Thank you, Mr. Naqvi.

Mr. Yasir Naqvi: Ms. Wong.

Ms. Soo Wong: Thank you so much for coming to present to us today.

What we heard this afternoon by your presentation is that there's—can you share with us your suggestions to the committee in terms of fighting fraud in terms of the auto insurance business? Because I'm sensing that there's frustration, and the third party assessment you want to put a moratorium on. Can you give us some more examples of how to improve the system but also the issue of fraud within the industry?

Ms. Nadira Kanhai: I like your word "fraud," because that is exactly what it is. When there are staged

accidents, that's fraud; these clearly are staged assessments. This is why I suggested, after the moratorium, that we need to have an inquiry into the exploitation of vulnerable accident victims by regulated health professionals.

As to how you go about doing this, you are the experts in knowing all of the areas in how to get this together, but we definitely need to get to the bottom of this, because in the Regulated Health Professions Act, the only two things that are criminalized are if there's sexual misconduct or if there is death. I can tell you that surviving an accident is worse than death. So, clearly the Regulated Health Professions Act is not prepared to deal with fraud at the level that the Criminal Code can deal with fraud.

I don't know if that helps. This is my suggestion from a layperson, a member of the public.

Ms. Soo Wong: Thank you.

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The Chair (Mr. Bob Delaney): Thank you. Anything else? Mr. Clark.

Mr. Steve Clark: Thank you very much for coming and presenting. I know sometimes how hard it is to come into an environment like this and talk about a personal experience, so I appreciate your comments.

One of the points that was picked up by my friends from the New Democratic Party was the issue—and ultimately you said that you did have to hire a lawyer. What was the time frame from your initial claim to going and getting your own assessment and then, ultimately, because of frustration, hiring a lawyer during the process? How long did that take?

Ms. Nadira Kanhai: The accident was in October. It was not until March of the following year that I hired a lawyer because it became increasingly frustrating, and that's when friends say to you, "You need a lawyer." They see the state that you're in, people who are coming in to help you in the home; they realize how much more help you require. They said to me, "Nadira, you've got to get yourself a lawyer."

Mr. Steve Clark: I appreciate your recommendations about the moratorium and the inquiry, but is there any other suggestion you have for the committee on how the process can be improved so that you can get more timely and more accurate responses by your insurance company?

Ms. Nadira Kanhai: I think if it were to work similar to the way in which people receive care within the taxpayer-funded hospital system; for example, if someone requires physiotherapy, I know that's not funded through the health care system, but using a similar—you know, when you see your doctor, OHIP covers your bill and that's it. I think you need to take the survivor of the accident out of this whole arena. So, if physiotherapy is being provided, then let the provider do that, and then reimbursement is done outside of my arena.

A few years later, I had a ruptured appendix, and it was a breeze to be admitted through the emergency room, to be assessed and to be treated, and to come home and have my extended health benefits kick in. No one

called me to say, "Why are you in a private room? Why are you utilizing all of this?" Everything was paid, and I was not aware of it. I was just sent a bill. So if there's some way that we could implement that, I think it would be beneficial to the person who is recuperating that they don't have that added stress of coping with the insurance company.

Mr. Steve Clark: Thanks.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for your time coming in this afternoon and for your thoughts and your opinions.

Ms. Nadira Kanhai: Thank you so much.

SPEAKING WITH ONE VOICE

The Chair (Mr. Bob Delaney): Our next presentation is from One Voice, Sukhvinder Kalsi-Ryan. Good afternoon and welcome. Make yourself comfortable. You'll have 15 minutes to offer your thoughts and your opinions this afternoon, followed by up to 10 minutes of questioning. This question rotation will start with the government. Please state your name for Hansard, and then proceed.

Dr. Sukhvinder Kalsi-Ryan: My name is Sukhvinder Kalsi-Ryan. Good afternoon. I would like to thank the Standing Committee on General Government for having this opportunity to provide input on the study of the auto insurance industry's practices. I am a physical therapist by training and I work in the public sector. I'm currently a post-doctoral fellow at the Toronto Western Hospital, where my area of expertise is in the development and implementation of outcome measures specific to traumatic and non-traumatic spinal cord injury.

I've come together, along with many other stakeholders, to join a group called Speaking with One Voice. We are essentially a group of organizations. We've come together to advocate for the rights of individuals who are seriously injured in car accidents. We are a multi-stakeholder group that is comprised of leading experts in the rehabilitation field, health care providers from both the public and private sectors, professional organizations, organizations that support accident victims, such as the provincial Acquired Brain Injury Network and the Ontario Brain Injury Association, the legal community, and victims from across Ontario who are deeply concerned about the pending changes to the definition of catastrophic impairment related to automobile insurance.

We are the people who deal with the impact of serious accidents every day, either as victims, their health care providers or their advocates. We have great concerns regarding the compilation of the expert panel. It is noted that three out of the eight members of the panel have been consultants for the Insurance Bureau of Canada and the superintendent of financial services. It is our position that all medical experts on the panel should be clearly unbiased on such an important issue.

Furthermore, our hope is that, through this standing committee, the thoughtful comments and suggestions based on years of clinical experience from professionals

in this field will be taken fully into account and not only the recommendations of the expert panel of academics, some of which are clearly biased. We ask that you listen to us today, as the members of our group are diverse; again, including leading experts in the rehabilitation field, health care providers from the public and private sectors, professional organizations, and organizations that support accident victims.

We all know that car insurance exists for a very specific reason, and that is because driving is a very risky activity. It ultimately results in serious injury and loss of life. In fact, over 60,000 people are injured in car accidents each year in Ontario. Some 12,000 of these individuals sustain serious life-threatening injuries such as head injuries, spinal cord injuries and serious orthopaedic injuries. These individuals would create an enormous expense on the public health care system, clearly exceeding what our public system has the capacity for. Thus, it is legislated by the provincial government that all individuals who drive must have auto insurance to ensure that the health care system does not get bludgeoned with catastrophic costs of serious injuries related to motor vehicle accidents.

Our concerns are really about what the proposed changes to the catastrophic definition are. Firstly, the FSCO panel and superintendent recommend new assessment tools and new thresholds that would make it much more difficult to be deemed catastrophic. In fact, it would cut the current number of catastrophic injuries in half, according to medical and legal experts in the field. They will no longer allow designated assessors to combine both mental and physical impairments or consider chronic pain in the total-person impairment rating. This goes against the World Health Organization, the American medical guidelines protocol, best practices in care, and some recent decisions made by courts.

The superintendent has added a major barrier to access of benefits to those that are deemed catastrophic, as he suggests that only doctors should be able to sign insurance forms on an ongoing basis for therapy, equipment and support. One million people in Ontario do not have a family doctor. Those individuals will not be able to access any care. For those who are determined catastrophically injured, typically their doctors rely heavily on specialists, and specialists only get involved to address medical issues such as surgery or special procedures. This requirement places unreasonable demands on victims and their doctors and would take us back to an obsolete medical model that assumes that regulated health care practitioners need to be supervised by a physician. Ironically, this model is being suggested at a time when the Ministry of Health has introduced legislation for regulated health care practitioners to take on elements of health care provision traditionally provided only by physicians.

Our concern—or our question, in fact: Given that the non-catastrophic benefits were cut, leaving so many people with serious injuries without support, shouldn't more people be deemed catastrophic so that they can

access the long-term rehab and support that they really do need?

What arises from this is a price. A price must be paid. What the concern becomes for us is: Who will pay that price? What will the cost of these changes, if implemented, be, and who will pay that price?

It is our understanding that the insurance industry will continue to enjoy record profits. FSCO has recently reported that insurer accident benefit costs have plummeted by over half, from \$764 to \$300 per vehicle, since the minor injury guideline was introduced and the non-cat benefits were slashed back in September 2010. However, there has been no reduction in premiums.

Who will suffer from these cuts? The seriously injured will, and their families, caregivers, and their support community. Essentially, their lives will be irreparably changed.

Individuals like the construction worker who is paralyzed and in a wheelchair for six months; who, with rehab support, progresses to the point that he can walk across a room using a walker; he will still depend on a wheelchair to get about in the community and will never be able to return to work: These are the people who will pay the price. These will be people who will go without benefits.

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Or the accountant who was in a coma for several weeks; by six months, still excruciating headaches, weakness, incoordination and such significant cognitive problems that he or she will need an attendant at home every day and will only be able to return to work part-time in a sheltered environment.

In addition to the victims of injury, our society will also pay a very big price. These people are and will continue to turn to an extremely and already overburdened public health and social system, which will result in great expense to the government.

The Ministry of Health and Long-Term Care will not be able to meet the needs of these severely injured people in a timely fashion due to increased wait times at every level of the system.

The Ministry of Community and Social Services, which provides Ontario disability benefits, vocational programs, assistive devices programs, supportive housing—already people wait two to three years for supportive housing.

The Ministry of the Attorney General will be affected as more individuals with brain injury without support will be incarcerated and, in turn, place a burden on, again, limited capacity. Approximately 43% of all individuals in our Ontario prisons have a brain injury according to a study conducted by Dr. Angela Colantonio.

The Ministry of Education: The capacity to provide adequate special needs and integrated education is already a challenge for many boards. An influx of children requiring publicly funded special-needs education and support will not be met as the capacity does not exist within the system.

A vast array of public agencies, such as the March of Dimes, which are funded by the provincial and federal governments, will feel the limited insurance benefits as more and more people will be seeking publicly and community-funded services. Ultimately, this down-loading of costs will result in decreased access to vital services for all Ontarians.

So, essentially, we feel that the changes should not happen as yet. The recommended changes by FSCO should not be implemented at this point as these reflect the opinion of the insurance industry and are in direct opposition to the opinion of almost all stakeholder groups. Please see the list of stakeholders in your package and also from our previous group that spoke today and at previous hearings.

What we do recommend or what we are asking for is that the funding for those who sustain serious non-catastrophic injuries be restored as they were a casualty of the war on fraud in 2010 and are now left unprotected. This is preferable to introducing an interim category, which will only add more complexity to the system. We also suggest that if the changes to the cat definition are to be implemented, they need to be based on expert and stakeholder feedback, not just the superintendent and the FSCO panel. One Voice would be happy to work with the government towards this goal.

Thank you for your attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi?

Mr. Yasir Naqvi: Thank you very much, Dr. Kalsi-Ryan, for your submission today. One question that I asked earlier and I'll ask of you—a statistic that we heard from FSCO earlier today, and we're trying to understand the basis behind that, is that in recent years, what we have seen is a significant increase in medical costs while the accident rates are fairly stable in the province. How do you account for these figures from your experience within the field? Why are we seeing such a discrepancy?

Dr. Sukhvinder Kalsi-Ryan: When you say “medical costs,” are you referring to the private care costs associated to treatment, such as therapy—

Mr. Yasir Naqvi: Yes, and claims etc.

Dr. Sukhvinder Kalsi-Ryan: I come from the public sector, so I don't work in private practice at all. One of our opportunities—and perhaps this is one reason. When you work in the public sector, because our public system is so stretched—I mean, I work with a surgeon who has about 150 people on a waiting list for elective surgery, and that's for spinal cord problems, not total knee replacement—we look for opportunities to off-load. So in the public sector, we look for the insured individual so that we can off-load from the public system. Again, that's why insurance exists. It exists so that the public system does not have to pay for some of the devastation.

We often discharge patients a little bit earlier if they can be discharged to home, and we try and find them the support in the community. If they have access to private funding, we will make those arrangements for them. So that might be one reason why the costs have increased:

because we look for opportunities to use the private funding.

Mr. Yasir Naqvi: You used some data—you said 60,000 accidents. Is that numbers for Ontario or is it Canada?

Dr. Sukhvinder Kalsi-Ryan: Ontario.

Mr. Yasir Naqvi: Do you have any recommendations as to how we can make our auto insurance system more affordable? That's something, obviously, that this committee is looking at, and that's something that's always top of mind: the affordability of the system. Do you have any suggestions or recommendations in that regard?

Dr. Sukhvinder Kalsi-Ryan: When you say “affordable,” do you mean affordable to the person purchasing insurance or affordable for the insurer to pay for injury?

Mr. Yasir Naqvi: No, affordable for the person purchasing the insurance.

Dr. Sukhvinder Kalsi-Ryan: I certainly think that insurance should be based on perhaps a history of a driver. I think that plays a part in current insurance premiums. But as far as that, I don't have any recommendations on how to make insurance premiums lower, if that's what you're asking.

Mr. Yasir Naqvi: I asked because that's the big question we're grappling with when we're looking at the claims and benefits cost to what you were speaking to versus how much of that cost then will be borne by the individual who may be getting auto insurance, and that's the challenge. But I appreciate you—

Dr. Sukhvinder Kalsi-Ryan: My concern, if I'm purchasing insurance, is that it pays for my injury.

Mr. Yasir Naqvi: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you. Mr. Clark or Mr. Yurek?

Mr. Jeff Yurek: I'll go first. Thanks for coming in. Just a quick question: We've heard today from various people on this catastrophic—it's going to affect mental health care throughout Ontario; it's going to download costs on to the public system. My question is kind of way out there. You work with spinal cord injuries. When somebody comes in with a spinal cord injury—say they fell off their neighbour's roof or something. How do they pay for their benefits? How do they get treated? Because they don't have an auto insurance product to protect them. Is it purely on the public system or are there other avenues that they get funding for?

Dr. Sukhvinder Kalsi-Ryan: It's all public. If you ever look at the care that somebody without motor vehicle gets, it's like night and day between somebody with motor vehicle accident benefits. Some comparisons have been made. There are some studies that look very closely at individuals who have accident insurance versus those who don't. So there is a discrepancy—certainly not at time of injury. Pre-hospital care is the same; emergency department care is the same. We have standards across the country that we all follow. Intensive care unit care is the same and the in-patient stay in the acute-care hospital is the same. Where the discrepancy falls into

place is when the patient is sent to rehabilitation. In Ontario, we currently have 66 days to get somebody who has lost their legs for life back on their feet, so to speak, and back into life—back to work, back to everything. Sixty-six days.

The individual who falls off his roof—and we see a lot of that because of our aging population—will likely be put into a long-term-care facility such as a nursing home because the supports are just not there. If you're in a motor vehicle accident, you may have the opportunity to leave rehab a little bit before that, but you will be set up with some private therapy, either through your home or you can go to a private facility. So there is a big discrepancy in what ends up happening to our patients who don't have motor vehicle accident versus having it.

The Chair (Mr. Bob Delaney): Mr. Clark.

Mr. Steve Clark: Thanks very much for your presentation. We've had a couple of folks from One Voice present this afternoon since I've been here, and I think Dr. Becker was here before lunch. Of the 19 groups or individuals that are listed on the sheet that you've given us, one is the Ontario Trial Lawyers Association. I'd be interested to know from you, as a medical professional, how closely the lawyers work with the individuals, both before a case and also during a case.

Dr. Sukhvinder Kalsi-Ryan: I can speak to it a little; I can't speak to it fully in the private realm, like I said. In the case of a spinal cord injury we may see lawyers as early as the intensive care unit. That's perhaps when they come into play, but usually that is in the case of a very serious accident where there's probably already an investigation. But for the most part, most of the legal work happens outside the acute-care centre, so we don't see it often. We usually see lawyers for the criminals more often than we do for the insured.

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The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: I pass it on to Ms. Armstrong.

The Chair (Mr. Bob Delaney): Ms. Armstrong.

Ms. Teresa J. Armstrong: Hi. There are a couple of recurring themes that we've heard from a few of the deputants today. It was the number of representations that are redefining the cat definition. So there are eight members total right now—is that the right number—who were on that committee?

Dr. Sukhvinder Kalsi-Ryan: That is my understanding. I'm not positive if I'm correct.

Ms. Teresa J. Armstrong: Okay. Is it eight members?

Dr. Sukhvinder Kalsi-Ryan: Eight members, yes.

Ms. Teresa J. Armstrong: The previous panel that determined the cat definition, which I believe your group is happy with right now: How many members were there at that time?

Dr. Sukhvinder Kalsi-Ryan: I couldn't speak to that.

Ms. Teresa J. Armstrong: You can't remember?

Dr. Sukhvinder Kalsi-Ryan: Perhaps they can.

Ms. Teresa J. Armstrong: Okay. Yes, sure. What was the number?

Ms. Patricia Howell: What I'm understanding is—

The Chair (Mr. Bob Delaney): I just need you to reintroduce yourself for Hansard.

Ms. Patricia Howell: My name is Patricia Howell and I'm the project lead on the group that did the expert submission in response to the FSCO expert panel submission.

The FSCO panel had eight members, and that is correct. We had 25 members on our panel. So I'm not sure—when you ask what was the original panel before the FSCO panel, I'm not aware of that.

Ms. Teresa J. Armstrong: The catastrophic definition right now is being reviewed. When it was originally defined, do we know how many people were on that panel? I just wanted to compare, because the concern is there are not enough people right now, and it's tipped to a certain representation on there with regard to the insurance company.

Ms. Patricia Howell: We could find out that information for you and let you know the procedure.

Ms. Teresa J. Armstrong: Because obviously, that recurring theme is that it's not a balanced panel to try to make sure that redefining catastrophic injury is in the best interest of accident victims.

Dr. Sukhvinder Kalsi-Ryan: And there is no one with spinal cord injury expertise on that panel, as far as I understand.

Ms. Teresa J. Armstrong: Have you ever spoken to any of the people on the committee? You've given deputations to them?

Dr. Sukhvinder Kalsi-Ryan: No. I do know some of the people on the panel and have worked with them in other areas of academic research.

Ms. Teresa J. Armstrong: What's the motivation, then, that you feel for why this panel has been set up with only eight members, and some of them are in the interests, from your observation, of the insurance company? Why would the government want to recategorize or redefine catastrophic injuries now if they've had a success in the reform since September 2010?

Dr. Sukhvinder Kalsi-Ryan: Well, I can certainly speak to why they might want to redefine catastrophic injury. No matter when you create a definition for anything, it's never perfect. It's clear that when they established the definition, there were perhaps some holes. There certainly are places where—I can speak for spinal cord injury—now, with the way we can treat patients, people walk away from spinal cord injury. I won't lie; I won't say every spinal-cord-injured individual is catastrophic. Absolutely not. But you need to know how to define that, and there's a very specific way to do so. So an ASIA D, as they recommended, is not the way you might define it. You would define it by saying—with an ASIA D that converts to an ASIA E eventually, you can say that individual is not catastrophic. So, really, you do need to redefine, because the way we treat patients changes and the level of recovery that occurs is changing.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation. That pretty much concludes our time.

Just before I move to the next deputation, the clerk has reminded me to get this on the record: Pursuant to our in camera discussion earlier, is it the committee's will that the final deputant be permitted to present in camera and to be recorded anonymously? Agreed? Agreed. Thank you.

MS. DEBBIE THOMPSON

The Chair (Mr. Bob Delaney): Our next deputation is Debbie Thompson. Good afternoon. Make yourself comfortable.

You'll have 15 minutes to address the committee members, followed by up to 10 minutes of questioning divided among the three parties. This question rotation will begin with the PCs. Please begin by introducing yourself for Hansard and then proceed.

Ms. Debbie Thompson: Thank you. Good afternoon. My name is Debbie Thompson. I would like to thank the committee for inviting me here today to provide our input into the committee's auto insurance study.

I am an independent insurance broker at Beyond Insurance in Whitby, and my priority is to protect the interests of my customer, from the purchase of a policy right through to when they may need an independent advocate at the time of a claim.

Those not too familiar with the insurance industry sometimes mix brokers up with insurers themselves. While we often work closely with insurers, we're not the insurers. The law requires that consumers should get and need expert advice tailored to their own individual circumstances for proper financial planning and risk mitigation. I am here to help the consumer with their insurance-buying decision.

Our association, the IBAO, often differs on certain policy matters with insurers, as brokers' prime responsibility is to advocate and serve their customer, often given a different perspective from the companies themselves.

I believe that the single most important thing that could be done to lower claims costs and thus insurance premiums is to tackle fraud and abuse in Ontario's auto insurance system, particularly in the accident benefit area.

The committee has heard from the chair of the Auto Insurance Anti-Fraud Task Force. Its interim report lays out the issues quite well; therefore, I will not repeat the contents of that here today.

The IBAO is a participant in the consumer engagement and education task force working group and it supports the work of the task force and its direction.

The task force recommendations are scheduled to come out later this year and we want to urge the government to implement those recommendations as quickly as possible. Page 57 of the 2012 budget foreshadowed some of the task force's final report recommendations, such as

regulation of health care clinics, other gaps in regulation, establishment of a dedicated fraud unit, a consumer education and engagement strategy, and a single Web portal for auto insurance claimants.

In addition, the IBAO will support constructive recommendations from all parties in this Legislature to combat fraud and abuse. We cannot tolerate the abuse of auto insurance product any further, as it's costing the consumer we serve too much money and we know that in Ontario we pay the highest automobile premiums in Canada.

As mentioned, tackling fraud and abuse in auto insurance is probably the most important thing we can do to lower premiums. However, we would like to caution against any further tampering with the system in the wake of the 2010 auto reforms. Those reforms are only beginning to make themselves felt. We believe they are working, but this committee should not be under the illusion that auto insurance in this province is excessively profitable. In this respect, we want to caution this committee and other decision-makers against recommending any simplistic or aggressive measures on rates. Let me be clear: We're not here to defend insurers, but we do believe that any aggressive tampering with this system will threaten market stability, which is just getting a foothold post-reform.

Nevertheless, we do believe there are measures that can be taken to deal with unfair pricing practices in the property and casualty market. The measure we are referring to is a ban on the use of credit scoring in personal property insurance. In 2005, the Ontario government banned the use of credit scoring in the rating of automobile insurance. However, shortly after, many carriers began to circumvent the ban by refusing to offer quotes to those who refused access to a consumer's credit information. By refusing to offer quotes, carriers were naturally not writing business for anyone who refused access to credit information.

In January 2009, via a bulletin from the superintendent, carriers were asked to stop this practice. After a refusal to abide by this request, the use of credit was later defined as an unfair and deceptive act or practice as part of the 2010 auto reform package, a measure we wholeheartedly support.

Ironically, however, almost immediately after the credit ban was introduced in auto, insurers began to use credit more aggressively to price people's property insurance, once again circumventing the ban on auto.

Last year, the Canadian Council of Insurance Regulators put out an issue paper entitled *Use of Credit Scores by Insurers*. The paper identified seven risks or harms to consumers and asks stakeholders whether all potential risks have been identified. In an IBAO submission, it identified an eighth risk: backdoor subversion of current credit prohibitions.

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You see, many consumers buy their home and auto together to get the discounts that are available. By using credit on home policies, some insurers are able to signifi-

cantly increase premiums, sometimes as much as 100%. By directly impacting the affordability of the home policies, insurers are able once again to successfully force the policyholder to go elsewhere. The problem is that soon there won't be an elsewhere to turn.

Today, while there are some property insurers left who don't use credit, we're hearing that soon they will be forced by market pressures to adopt credit rating. When that happens, the customers with a low credit score who do not have a history of losses and have always paid their premiums will find themselves without a place to get affordable home insurance, and then you will have an availability issue. Once this occurs, we believe the government will have little choice but to regulate home insurance far more than anyone wants to now.

Last year, the provinces of Newfoundland and New Brunswick announced their intention to ban credit from home and other property insurance. Just last week, Prince Edward Island announced the same. Here in Ontario, MPP Colle introduced Bill 108, the Homeowners Insurance Credit Scoring Ban Act. Ontario lawmakers should follow these provinces and pass Mr. Colle's bill. A ban can also be accomplished by amending the unfair and deceptive practice—regulation under the current authority in the Insurance Act. The ban on credit in auto is done this way.

This is our advice: Implement relatively minor, smart regulation now by banning credit scoring, as done for auto insurance currently. This will help avoid more onerous, cumbersome regulation later. Banning the use of credit scoring to price home and other property insurance is the IBAO's number one public policy priority, and I support this. Our association has done a lot of work and research into this issue, and it has been advocating for a ban on this practice for nearly two years. Unfortunately insurers and the Ontario government have done little to deal with this issue during this time.

I thank you for your time. I'd be happy to answer any questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Yurek?

Mr. Jeff Yurek: Thank you, Debbie, for coming in. Ontario appreciates you advocating for credit scoring ending in home.

My question is on the auto insurance side. We had a gentleman in earlier who was quite upset with brokers in general. Since these changes in 2010, what has the IBAO done about educating the consumers when they're renewing their policy and helping the consumers understand the new changes that occurred in 2010?

Ms. Debbie Thompson: With the members, which are insurance brokers like myself, one of the mandates was that we definitely speak to every consumer about the changes with respect to accident benefits. We are required to do that every time we speak with the consumer because their lifestyle can change. So part of our mandate with the consumer is education: Understand what is available to you under your accident benefits.

Make sure you speak to even your own personal financial adviser if you have other insurance in place.

Mr. Jeff Yurek: Thank you. With the changes in 2010, can you talk about any imbalances that have occurred with the insurance product with regard to auto and what you would recommend tweaking to make it a better product?

Ms. Debbie Thompson: We believe that the product, again, is just getting a foothold. We believe that we need to give it time, but what we see, mainly, now is that we need to tackle the fraud and abuse in that area, because we believe that is the area that is creating the biggest or largest expense under the accident benefits on the automobile policy.

Mr. Jeff Yurek: So, as an association, are you against the recommendations from the superintendent on changing the definition of catastrophic injury?

Ms. Debbie Thompson: We're actually just reviewing that definition ourselves, so I can't really speak on that at this time.

Mr. Jeff Yurek: Okay. Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Thank you for attending and for giving your deputation. I'd also like to thank the IBAO for their work on educating the public about the use of credit scoring and their advocating the ending of that scoring. You agree that that's a practice—I agree wholeheartedly that that's something that should end. It's an unfair practice.

Has the IBAO or the IBC or any other organization looked at the impact on rates by ending—I think it's a good thing to do, but I'm just curious if you've looked at the impact on rates by ending the use of credit scoring. It's a closed-loop system. We know the insurance companies are going to increase rates somewhere. How would that affect rates? People, for example, who have bad credit scores are being unfairly charged higher premiums, and those who have good credit scores are getting savings. If we banned credit scoring, it would obviously go up for some people and down for some people. Have you looked at how that would impact?

Ms. Debbie Thompson: What we do know is that the credit scoring right now on personal property insurance impacts everyone. Our concern is mainly with seniors or newcomers to Canada. They pay their premiums on time, or they are very diligent with the paying of their bills, but they don't always know what their credit score is. We really want to get it back to individual risk. What we should be looking at when we're rating insurance is the risk of the consumer.

Mr. Jagmeet Singh: Sure. My colleague has a question.

Ms. Teresa J. Armstrong: I just want to follow up on credit scoring. When do you find credit scoring takes place—on a new piece of business or on a renewal piece of business, with regard to property?

Ms. Debbie Thompson: It happens in both cases.

Ms. Teresa J. Armstrong: In both cases. Do you find that someone is with a broker maybe for 10 years on their

home insurance—and they might call you up and say, “My house insurance just doubled this year.” You would know that there was no reason. Their broker didn’t give a specific reason. They haven’t had any claims that would twig you to think that it’s because that insurance broker is doing a credit scoring.

Ms. Debbie Thompson: Not the broker, but the insurance company.

Ms. Teresa J. Armstrong: The insurance company. And they’re trying to off-load that person.

Ms. Debbie Thompson: Right, and when you have your home and your auto together, then the auto becomes displaced and then we have to find another market for them at that time.

Mr. Jagmeet Singh: Just building on that issue: You were talking about returning the assessment of an individual’s insurance rating, or their premium, to be based on individual risk. What do you mean by that?

Ms. Debbie Thompson: When we’re talking about individual risk, just like we do in automobile insurance, we base it on their car, their driving record, whether they have tickets, whether they have accidents. On the home, it should be based on the maintaining of your home: How old is your home; have you repaired your roof in the last 10 years; that sort of thing.

Mr. Jagmeet Singh: On the auto side, looking back at the automobile package, given the 2010 reforms, would you agree that the product that Ontario consumers are receiving now is substantially reduced from before?

Ms. Debbie Thompson: I would say that the product is still a fairly rich product, compared to the rest of the country.

Mr. Jagmeet Singh: And then—

The Chair (Mr. Bob Delaney): Thank you very much. That’s about it for your rotation.

Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you very much for your time and for coming in, Ms. Thompson. I appreciate your comments.

I just want to bring it back to auto insurance as well. You’ve spoken a bit about credit rating and the property and personal insurance. Back to your comment that you made earlier: One of the areas, or one of the elements, that we have to continue to consider is with respect to tackling fraud and abuse, I think is what you indicated in part of your comments there. I’m just wondering: Is the IBAO working with the Auto Insurance Anti-Fraud Task Force, or do you have any specific recommendations that you’d like to bring forward in terms of how to tackle some of that fraud and abuse?

Ms. Debbie Thompson: The IBAO does sit on the consumer and education committee. Really, in my view as an independent broker, it’s educating the consumer about abuse and fraud in our system, so that they understand that any fraud—if you put forth a claim, there can be criminal implications by putting forth any sort of accident benefit claim. I think it’s important that the consumer is really educated about the consequences with fraudulent claims.

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Mrs. Teresa Piruzza: So in terms of some of that fraud and abuse you’re speaking to then, you’re speaking about a wide continuum of fraud and abuse that may be in the system in terms of—we spoke earlier—there was some discussion about fraudulent assessments in terms of some accidents. There was discussion about large-scale staging of accidents, and you’re speaking about some of the minor, I guess you would say, in terms of putting in a claim that may or may not be—so there is a continuum, then, are you speaking of, in terms of that fraud and abuse, in the system?

Ms. Debbie Thompson: Right; absolutely. Yes, even from the time that someone at 16 years old gets their driver’s licence with the handbook, there are various ways that we can educate the consumer about how it affects your auto insurance in the end.

Mrs. Teresa Piruzza: And the impact.

Ms. Debbie Thompson: Right.

Mrs. Teresa Piruzza: I believe my colleague has a question.

Ms. Soo Wong: Thank you very much, Ms. Thompson. The first question is: Can you give us a copy of your verbal presentation this afternoon, so that we can get a copy?

Ms. Debbie Thompson: I can certainly forward it to you.

Ms. Soo Wong: Okay; that would be great.

My second question is that earlier this morning we had a deputant who spoke about his concerns dealing with brokers and his comments about trusting brokers. You mentioned just now a comment about educating the consumers, making sure the consumers are informed about the risks as well as the fraud and what have you. The previous speaker this morning had great concern about your industry and the lack of trust and transparency, so can you share with us: How can we address this issue? Very clearly, the previous speaker had expressed concern about your industry, and there’s a lack of trust and lack of transparency.

Ms. Debbie Thompson: I can speak to the transparency that we have with our customers. All of our customers know exactly who we are as independents and that we are their advocates. That’s what we do. We help them with buying insurance as well as, when there is a claim, helping them with that process. We’re not adjusters, but we’re on their side. That’s what we’re there for.

As far as trust, that is our biggest value that we place with our customer: that they can trust us to help them with any part of their buying decision with insurance.

The Chair (Mr. Bob Delaney): Thank you. That concludes your deputation for today. Thank you very much for taking the time to come in.

Ms. Debbie Thompson: Thank you.

CARSHARING ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is the Ontario membership of the CarSharing Association. Please come forward. Good afternoon. Make yourselves at home, which may preclude putting your feet up, but otherwise, be comfortable. You'll have 15 minutes to give us your thoughts and opinions this afternoon, followed by up to 10 minutes of questioning. This round of questioning will begin with the NDP. Please introduce yourselves for Hansard and then proceed.

Mr. Wilson Wood: Thank you very much. My name is Wilson Wood. I'm the chair of the CarSharing Association.

Mr. Kevin McLaughlin: I'm Kevin McLaughlin. I'm president of AutoShare here in Toronto.

Mr. Wilson Wood: I'd like to thank you for giving us the opportunity to present to you and maybe give you a little bit of education and talk to you about some of the issues related to auto insurance and what has been around for a while but is still considered a very new industry.

Auto insurance and affordability is certainly something that we're very concerned with. Undeniably, from our experience, the best way to dramatically reduce your auto insurance costs for the consumer in Ontario is to simply not own a car. But you can still get access to one by sharing a car, so the insurance implications move to us.

In my role as the chair of the CarSharing Association—we call ourselves CSOs. We represent 40,000 people in Ontario who share a car today. We have three CSOs in our organization. There is also Zipcar out of Boston and car2go out of Germany operating here in Toronto. I also operate a car-sharing company called Vrtucar, which is a community-based car-sharing business in Ottawa.

Car sharing in Ontario has steadily increased in popularity since it began with Community CarShare, a co-operative in Kitchener-Waterloo, in the 1990s. We—that is, Toronto AutoShare and ourselves—have been operating for 15 years, and thousands of people who live, work and study in our communities share a car. Over the next five years, we predict that the number of people in Ontario using a shared car as the only way that they're going to use a car is going to double. This is based upon the growth that we've experienced and also new players that are coming into the field. They are multinational corporations and car manufacturers that are providing maybe slightly different forms of on-demand car sharing, but it still is under this generic term of car sharing.

What is this product called car sharing? People who share cars tend to be fairly passionate about promoting active transportation methodologies: walking, cycling and taking public transit. When they really do need a car, car sharing provides them with an affordable and environmentally responsible alternative to owning a car. As we've heard many times, car ownership costs you thousands of dollars a year: payments, insurance, main-

tenance, depreciation, all of those items. Car sharing, in turn, costs a fairly modest amount because members pay only for the hours and the kilometres that they use our vehicles. The vehicle is extremely efficiently used because of the number of people sharing that car. The car sharing organization covers all the other costs, including fuel, maintenance and, most importantly, insurance. CAA says that it's \$8,000 a year to own and operate a car in Ontario. A car sharing member spends approximately \$1,200 a year.

Our CSOs are transit-focused. Academic studies in Canada and the US indicate that this type of car sharing removes eight to 10 privately owned cars from our streets. This reduces pollution, parking woes and gridlock. The mission of the CSOs is to support members' primary mobility choices, such as walking, cycling and taking public transit. We're also a way of providing access to people who might be extremely hard-put to get and use a car who need one for that occasional use.

How does it work? Well, our CSOs provide a membership-based service available to all qualified drivers in the community who are 21 years of age and over and have a G-class licence. There is no separate written agreement or contract required each time a member uses or reserves one of our vehicles. We offer our members access to a network of conveniently located shared cars 24 hours a day, seven days a week, at self-serve locations in these communities that we're operating in. Members save money by encouraging them to plan their car use, they drive less, they use other modes of transportation and they drive fuel-efficient vehicles when they do need a car.

Who uses car sharing? Typically, people who do not own cars. Over 95% of the people who belong to car shares do not own vehicles. Some 60% of our members are women. The average age is in their mid-30s, but this age is going down. Trips are done approximately three or four a month. That's the average we've seen—people who are doing appointments, errands, shopping, recreational activities. The only time I actually use a car is to get to my old man's slow-man hockey game because the bag's darned heavy.

Weather, time and distance are the primary reasons that people end up using our vehicles. Car ownership does not reward you when you do not use your car. Most of the time it sits there depreciating but requiring all of the payments. Car sharing members do not have these costs, so that benefits their wallets, the environment and traffic in our communities.

Car sharing is alive, well and growing in popularity in communities in Ontario.

Auto insurance and car sharing: Our success over the past 15 years serving now thousands of members has proven that it is a responsible, low-risk mobility service. However, the Financial Service Commission of Ontario and the Insurance Bureau of Canada are silent about car sharing. We don't exist. Car sharing through an organization or supplier is not addressed in auto insurance regulations or legislation.

Our insurance providers do provide us with auto insurance to cover our named members. They were initially quite skeptical about this new service, and some of these concerns still exist today. Sometimes, our coverage is provided to us under the personal lines, sometimes it's under the commercial lines—there's no set way that it's done. With no clear direction from FSCO, the application of auto insurance to car sharing organizations is neither consistent, nor something that the consumer can look to with some sort of guarantee. Minimum provincial coverage is allowed. Of course, our organizations do not do that; we all purchase a minimum of \$2-million liability coverage.

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There are concerns in our industry about accident benefits. Current legislation is essentially based on the 1950s and 1960s model of car ownership: The people who drive cars are either car owners or family members of car owners. This lack of direction or clarity in the regulations puts our insurance providers and the car sharing organizations liable when a car sharing member is walking, riding a bicycle or using public transit and involved in an auto collision.

I have a story for you. One of our members, walking across the street in downtown Ottawa, was hit by a car at an intersection while running a red light. As a member of the car sharing organization, we were of course held responsible for their accident benefits, even though they were not driving one of our cars at the time that the accident happened. Fortunately, she fully recovered, but our claims history was affected and a factor in determining our premiums, despite the fact that this incident had nothing to do with her operation of a shared car. All car-share organizations have similar stories.

Car sharing organizations in Ontario have an average of 22 to 24 members that share a car, so clearly there are a lot of our people that are wandering around on foot, by bicycle and in transit. They have nothing to do with our cars, but they are covered by our auto insurance. Because of this risk, the legislation, as written or the way it's interpreted, is a barrier to the expansion of car sharing, even though the demand is growing for our economical and environmentally responsible service. It should be noted that car sharing has proven over the years to be a very low risk, such that our insurance providers have managed to profit and provide us with service by paying our premiums. Our insurance costs are double or triple what an individual car owner would pay on their vehicles.

I want to be clear: We are very thankful for our insurance providers and we could not exist without them. They are very valuable partners. However, we need a fair and equitable playing field with regard to insurance regulations that provide the necessary protection for our members and our day-to-day operations.

The future of car sharing: Our growth and the entry of new service providers—again, by 2017 the number of people who use this as the primary and only way that they will use a car is going to double. Other jurisdictions

in Canada and the US are changing legislation to address car sharing and other mobility options such as peer-to-peer, or P2P, car sharing. That's where individual car owners rent to or share their car with qualified drivers. Programs of ride sharing, private shuttle services, van pools—all of these new mobility options are on a dramatic upswing. Companies such as Google, General Motors, Ford and Daimler-Benz are all large corporations that are investing in car-share operations throughout the world.

A lot of new technology is coming that's going to allow people to provide more mobility choices that will save them money, reduce pollution and drive people to the public transit system—which is obviously one of our goals—but we need legislation and clear regulations to provide proper and consistent insurance coverage to the service providers and the people of Ontario who choose car sharing as their sustainable mobility option.

In summary, insurance laws and regulations need to reflect the realities of today's and the future use of the car. The current system that we have can result in inconsistent coverage for the consumers of car-share product. Liability decisions are unpredictable or we just don't understand how they make some of their decisions, but it's because there's no direction, and this regulatory confusion could threaten the future growth of this green mobility option. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you. Ms. Armstrong.

Ms. Teresa J. Armstrong: You said that you have about 20 to 22 people that would share a vehicle?

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: Is each one of those persons listed on a drivers' list on your policy?

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: So a blanket driver—

Mr. Wilson Wood: See, we have the perfect example. I'm listed under a personal line. Kevin is listed under a commercial property.

Mr. Kevin McLaughlin: AutoShare in Toronto has over 12,000 people sharing our 300 cars, so our ratio may be slightly different. We have rules that we follow for our insurance provider, but we don't provide them with a list of names. They have no idea at any one time who's on our policy.

Ms. Teresa J. Armstrong: So if I was a member of your car-share as a client and I needed an insurance history, could I get a letter of insurance experience from your company?

Mr. Kevin McLaughlin: From us? Yes. We would ask our insurance providers, and we've had several over the years—

Ms. Teresa J. Armstrong: To give me a personal—

Mr. Kevin McLaughlin: Yes. They will write a letter in your name to explain that you've been—

Ms. Teresa J. Armstrong: That I've been with car-share for this number of years, and how many accidents etc.

Mr. Kevin McLaughlin: Yes.

Ms. Teresa J. Armstrong: Then I'd have to be listed on a drivers' list for them to provide me with a letter of insurance experience, because you'd have to give them my driver's licence—

Mr. Kevin McLaughlin: When we—

Ms. Teresa J. Armstrong: —and my tickets—sorry to interrupt. For instance, if I had five tickets and an accident, would your car-share policy allow me to share the car under your insurance company? Or do you have guidelines of which drivers they will allow to share your vehicles?

Mr. Wilson Wood: Yes, there are very clear guidelines as to, when anyone joins a car-share, they must submit a driver's abstract, and if they have over a certain number of demerit points, they're not allowed to join. And if they acquire those and we become aware of them acquiring those demerit points, we kick them out.

Ms. Teresa J. Armstrong: Okay. What would be my cost as a client to car-share if I had a driving record that was acceptable to your program?

Mr. Wilson Wood: The cost for the insurance?

Ms. Teresa J. Armstrong: For me.

Mr. Wilson Wood: For you to join?

Ms. Teresa J. Armstrong: Right. So it's a fee to join—oh, I see.

Mr. Kevin McLaughlin: Basically, it's like a club. The first time you join, there's an application and there may be a fee, from \$25 to a couple of hundred dollars, depending on the organization. Then once you're a member, you pay per use. Typically, that's been by the hour. The innovation of car sharing, let's say over Enterprise or Budget, is that we provided self-serve, 24-hour access by the hour. For instance, in Toronto, \$10 an hour, including gas and insurance, is the price for AutoShare. It's probably different in Ottawa.

Ms. Teresa J. Armstrong: You're in business, so you're going to make a profit from having people use car-share.

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: And you're saying that some insurance companies insure you as a personal?

Mr. Wilson Wood: Yes. In my case, I do list every one of our drivers.

Ms. Teresa J. Armstrong: What company would that be, please?

Mr. Wilson Wood: That's Co-operators.

Ms. Teresa J. Armstrong: And it's personal, not a commercial policy.

Mr. Wilson Wood: No.

The Chair (Mr. Bob Delaney): Thank you. That's your rotation. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for being here. We've engaged on this issue before. Vrtucar is in Ottawa, and thank you for accepting the invitation.

I think it would be helpful for the committee if you had a few recommendations in mind as to the kinds of changes that you would like to see within the insurance regime in Ontario.

Mr. Wilson Wood: Well, I guess the first and foremost would be actually having a definition of car sharing in terms of something that is worked out. We're obviously very happy to assist with that definition because there is no copyright on the term "car sharing," and, as I've indicated, there are many new players that are coming in. Car manufacturers are using the term "car sharing" essentially as a way of marketing their vehicles, marketing their brand. It's not necessarily a public-transit-focused service that's providing an alternative to owning and operating your own car. So having a definition that applies to all of the companies that are offering car sharing and having the insurance regulations speak to that would be most helpful.

Certainly, on the accident benefits, is it really fair that people who use a car as infrequently as three or four times a year—for all of those times and for the number of people who are out there, that's a fairly large liability. Of course, we want to provide them with their accident benefits when they are in our cars, either as a driver or as a guest, but the legislation was never intended to have one car serve 24 people in terms of an accident benefit.

Mr. Yasir Naqvi: Another quick question: You did mention that some of the other jurisdictions are starting to look at car sharing. Can you point us to one or two jurisdictions where you'd say, "You know what? They're going in the right direction, and Ontario should consider them"?

Mr. Kevin McLaughlin: I think in some ways there are sort of two things. One is the kind of car sharing that we do, looking at the issue of: Does Ontario want them to have the kind of coverage that a car owner has, or are we much more like a car rental, where if you rent there for a single day, you're not covered by accident benefits two or three weeks later because you rented a car a single time? There's that aspect about accident benefits as it applies to our industry. As more people choose not to own a car but may be a member of one, two or even three companies, like exist in Toronto, I think that's the biggest question for us.

The other thing to look at is, from a competitive point of view, for an economy like Ontario, do our insurance laws recognize the kinds of changes that are coming? You asked for something specific. Bill 1871 in California was passed recently that allows you to rent out your car through an organization. So you rent your car to your neighbour—and as I understand it, it's really about, let's say, my insurance covering your car while it's rented to your neighbour, and making sure that if there's a problem, that it can't come back on to your own personal insurance. That bill creates an opportunity for what they call peer-to-peer renting to your friends through a third party. For a period of time, there's another insurance that is primary on that car. It's not critical that this happens right away in Ontario, but it is starting to happen all over the place, and it's going to be something that, if not this year, over the next little while, we'll be looking at.

The Chair (Mr. Bob Delaney): Thank you. Mr. Clark.

Mr. Steve Clark: What's the average premium per vehicle?

Mr. Wilson Wood: The premium is somewhere around \$200 to \$300 per month.

Mr. Steve Clark: And what's your role in case someone is injured—

Mr. Wilson Wood: Obviously, if someone is injured, either our member or if it involves a third party, a claim must be initiated, and then the insurance process takes over.

Mr. Steve Clark: I know you talked about a certain driver abstract that would be required before a member would be accepted. How often would you reject an applicant? Is that pretty small?

Mr. Wilson Wood: It's fairly rare, but it does happen. It's a small percentage.

Mr. Steve Clark: And the same small percentage of someone you would disqualify after granting membership?

Mr. Wilson Wood: Yes. Again, if we received a letter of complaint about the driving behaviour of one of our members, usually from the police, then we would simply withdraw their privileges.

Mr. Steve Clark: Finally, Chair, if I might: The previous deputant was an insurance broker. What you think about banning credit scoring?

Mr. Wilson Wood: Again, we don't use credit scoring as a criterion for our members. Again, we're working with much smaller numbers. The monthly insurance per member is probably around \$7 a month. The cost of the hourly kilometre charges is a lot greater than the insurance. But still, it's a very, very large expense that we are incurring for all of our vehicles.

The Chair (Mr. Bob Delaney): Thank you for a very interesting and enlightening deputation and for taking the time to come in here and speak to us today. I'm pleased to get you in and out early.

We are now going to take a brief recess. The committee will resume in five minutes in closed session.

The committee recessed from 1523 to 1536.

MS. X

The Chair (Mr. Bob Delaney): We will come back to order in a closed session. Our next deputant, pursuant to a decision by the committee, has asked whether or not she can make her deputation. Though the deputation will be on Hansard, our next deputant has requested to remain anonymous, and the committee has granted that request. Please come forward. You either can or can't use your name; it's entirely up to you. It's not going any further than here. As your name will not be on Hansard, I guess there's no reason to introduce yourself for Hansard. You'll have 15 minutes to give us your thoughts, followed by up to 10 minutes of questioning. This round of questioning will begin with the government side. Please commence. We're all here.

Ms. X: Thanks for allowing me to come somewhat in camera, I guess. I've been watching the various presen-

tations or hearings that you folks have had at Queen's Park recently.

It's a very personal issue. I've weighed how I would present myself today because certain things I could say would absolutely reveal who I am. I have an existing claim right now that I want to stay non-prejudiced.

I think one of the key things as a consumer I'm concerned about, and I think I heard at the tail end of some presentations, is I guess something that people haven't considered since the last minutes I saw off of Hansard, where people talked about cost and so forth. Nobody really talked about accessibility.

To drive a car is not really a luxury for those who are disabled. I don't think anybody who has understood somebody having a disability, including the Honourable Mr. Onley, who's our Lieutenant Governor—he, I think, drives himself sometimes. If his vehicle is outfitted with certain things—there are also other people out there who would have a similar vehicle to allow them to take their carts or wheelchairs and so forth to work or just to get out, to be mobile.

Not everybody per se has the same income level. I'm finding that a lot of people who need to drive because of accessibility needs are low-income. You think, "If you're low-income, why do you have a car?" It's a necessary evil. Some of these cars are by no means a Rolls-Royce. They're not your Ferraris. They're cars that are very modest and/or barely in working order.

I think I'm afraid of where the car insurance rates are heading as a Joe Consumer. There was one case at a disability employment agency. The fellow used arm crutches to get to work. He tried TTC Wheel-Trans; it didn't work. He was late, or he would be forgotten at 5 o'clock because the TTC gets a little bit awry, so he would be standing there at the pickup point waiting to go home—can't get home. So he either starts his day late or he doesn't get home quite on time or anywhere near on time because now he has to hunt down TTC Wheel-Trans and figure out how they can send him a taxi to get him. So he ended up driving again, out of absolute need. He works in midtown. Midtown is very accessible, when you think about it, but yet not to him.

The other thing I've been really frightened about since having a claim and now having another claim is how car insurance really lacks transparency, period. I mean, as a consumer, I generally want to be informed before I buy something. With car insurance, I have no idea of what I'm buying. I know it's car insurance, but when I start asking, "What are the AB details? What is a SAB?", the person on the other line first will tell me, "Well, we don't have to give you a guideline for your pricing." That's my first question too—my bottom line: What am I paying for and why am I being charged this? They won't give it to you. They give you these generalized responses of how it might be affecting my rates, which suddenly go up again, with no at-fault accidents, no moving violations. But suddenly, my rate jumps about 20% to 30%? I don't understand. And this is every other consumer who notices that their rate jumped. That has to stop.

This goes back to my earlier comment. Those on a fixed income or just pure low-income people who need to drive, from a disability standpoint, where are you going to put them? They're not driving Maseratis. I understand that if you have a Maserati, it's not going to cost you \$2,000 a year to insure that thing. The liability alone for one panel to be impacted is \$5,000 to repair it. So I get that. But you can't put unknown costs at consumers. Anybody who shops looks at what the content of a loaf of bread is. We can't do that with insurance. We don't know exactly—you know, reading the previous hearing you guys had, people brought up things like regional costs. For instance, if you live in X city, in Toronto, you seem to have a higher rate of insurance than, say, Forest Hill or Rosedale, and that's odd to me. I mean, if you were to look at cost of cars, I'm going to assume Forest Hill and Rosedale don't drive jalopies, typically, and somebody in Mississauga or Brampton—they probably don't have, per capita, the same amount of Phantoms driving around, F40s. I'm a car nut, so some of you probably have no idea what I just said, but a Ferrari or the Rolls-Royce Phantom.

So it bewilders me, because I'm looking at a real-cost scenario, trying to understand how the rates are going up, and they won't tell you. The guy on the other end who is quoting you just tells you, "That's the way it is." I've never had to buy a product—forget about having to buy it; it's mandatory. If you drive, you have to have it, but yet they can't give you any idea of the why: why it costs this. It's so unknown. It's a lack of transparency.

Having had the luxury of having been at FSCO, I was absolutely shocked with my experience there with an arbitrator. It turns out that one of the insurance IME doctors had absolutely zero merit to weigh in on my case. It has come out now, because CPSO is now reviewing their IME—those doctors who are still certified to practise doing IMEs for insurance specifically. They're starting to review their so-called practice of laissez-faire where it didn't apply, because technically, you weren't a patient. Well, in the patient's view, who sat sitting in front of an MD, you're an MD. That's the pure reason why you're even sitting in front of them. I mean, you wouldn't have a janitor tell you that you don't have a nervous system disorder or you don't have a spine injury. That is why they're there.

It is interesting: One of the doctors—his cases have come up. It's questionable, because one of the arbitrators literally threw his report out of his arbitration because he was not qualified. It's like a neurologist coming for, say, a psychiatrist. It's not going to happen; it's two different specialties. Yet that doctor went beyond the scope of his expertise to weigh in, and the insurance submitted it and denied the claim based on that.

So that's a little bit disturbing, that finally, now, CPSO is looking at probably numerous complaints that claimants have had. They're only now reviewing it. We don't know what's going to happen.

The other thing, too: I know a 22-year-old driver, a new driver, who drives a CUV. It's a small SUV, so it's

not a cheap car to insure, especially when you're a new driver, versus somebody with at least 10 years' experience with a sedan. But still, 10 years' experience should say something. The rates are literally at par, if not more, for the 10-year-plus experienced driver. This, again, goes back to the unknown. How the heck are you insuring somebody who's 22—with the same program, by the way. This is not one person driving daily because it's their requirement, their career or something. This is equal; all things equal. They both are casual drivers, yet you have somebody with 10-plus years' experience paying the same rate or more than somebody who's driving a car that would literally be listed as a bit of a weapon for somebody 22, a first-time driver, no experience. How does that happen?

The question of subrogation: I've asked my MPP about this. I said, "Why is subrogation only for out-of-province accidents?" Why is that? Why are in-province accidents not counted where the insurance has to now kick in their fees back to our Ministry of Health for the damages of an accident? Why does the insurance run off and go, "So sorry, everybody. MCSS"—Ministry of Community and Social Services—"you take care of those who are so desperate they need your \$2. Ontario Ministry of Health: You kick in to pay for whatever. When we feel like it, we might pay." That's the attitude, and it's insane. I don't know, from a cost-recovery standpoint, how that makes sense.

The insurers always want to rely on fraud and their costs going up, but having been there, to fight a legitimate claim—has anybody ever added up how much it costs? Have you ever considered the costs of an unfounded fraudulent claim that was just held in queue because the insurance could not recognize that somebody's a paraplegic or a quad? Those are the most extreme examples I can use.

When you consider surveillance, their own IMEs that they are known to pay a premium for, Joe Consumer's IME may be held to, say, \$1,800 or something, or less, especially under MIG. The insurance has been known to pay at a higher rate. I knew one person getting chauffeured to her IME one day. She lives up north, and they had to take her to London, Ontario, as the closest place. Just for some reason, the cabbie started telling her how much he was getting per kilometre. I don't want to even quote the rate, but just use this number: It was as insane as two bucks per kilometre, paid by the insurance. You guys can dig in and audit these numbers. I'm just using an example. It's crazy, whereas a claimant is held to, I think, 50 cents or less, and you have to be above 50 kilometres to even get that whatever amount they're giving you, and it's in the pennies.

The other thing is surveillance. Having been there, I've known people who were surveilled for 10 years. Is that necessary? Ten years. Surveillance is not free. I haven't tried to hire a PI, but I know it's not free; it costs money. Do you really need to be surveilled for 10 years? This same person was given an IME in-home—

The Chair (Mr. Bob Delaney): Just to advise you, you've got about two minutes.

Ms. X: Pardon?

The Chair (Mr. Bob Delaney): You've got about two minutes to go.

Ms. X: Okay. Her report said something like, "They can unload a dishwasher just fine." The woman didn't have a dishwasher. So you have to start questioning these things.

As a claimant, it's important to bring back—and this is the only language I know to put it in—uncapped torts, punitive damages. As much as insurance fraud is a claim for the consumer, I think the insurance CEOs and their teams who do these types of denials should be held accountable under a criminal position. I think it should be criminal.

That's what I have to say. I just quickly summarized.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming today. I appreciate your presentation.

The Chair (Mr. Bob Delaney): Mr. Yurek?

Mr. Jeff Yurek: Just one question: Do you think premiums have become an inhibitor for people purchasing insurance, who are driving without insurance?

Ms. X: It's at that point now, yes. And I used the example that I did because how do you even just weigh

that? Experience is generally part of the equation for your cost for premiums, and when you take a 22-year-old kid who's never driven, driving a fairly volatile car, if you think about it—a CUV is not exactly a little smart car—and then you take somebody with 10-plus years' experience with a sedan and they're paying about the same rate, if not more than a 22-year-old kid, that's weird. These are unknowns that should not be unknowns. It's a mandatory product.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh?

Mr. Jagmeet Singh: Thank you. No questions. Thank you very much for being here. I appreciate you sharing your story. It's important to hear from people in Ontario just giving their personal experiences about what the auto insurance industry is like for them, so I think that's very important. Thank you for sharing that. I appreciate it.

The Chair (Mr. Bob Delaney): And thank you for your deputation here today.

Ms. X: Thanks for allowing me the chance.

The Chair (Mr. Bob Delaney): Our business is concluded. We will reconvene tomorrow morning, Tuesday, in Brampton, at 9:30 at the Holiday Inn. Anybody who needs directions can get them from the clerk. Otherwise, we'll see you all bright and early at 9:30. We are adjourned.

The committee adjourned at 1551.

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Mardi 10 juillet 2012

Standing Committee on Finance and Economic Affairs

Automobile insurance review

Comité permanent des finances et des affaires économiques

Examen de l'assurance-
automobile



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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRSCOMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Tuesday 10 July 2012

Mardi 10 juillet 2012

The committee met at 0930 in the Holiday Inn Toronto-Brampton Conference Centre, Brampton.

AUTOMOBILE INSURANCE REVIEW

The Chair (Mr. Bob Delaney): Good morning, everyone. We are here to resume our consideration of the auto insurance industry pursuant to an order of the House dated May 31, 2012.

STRUCTURED SETTLEMENTS GROUP INC.

The Chair (Mr. Bob Delaney): Our first deputation of the morning will be Structured Settlements Group Inc., Douglas Mitchell. Please come forward. Take a seat, make yourself comfortable. Introduce yourself for the purposes of Hansard and then proceed. You'll have 20 minutes to make your remarks, followed by up to 10 minutes of questions, which will be divided equally among the parties. Your first questions will come from the PC side.

Mr. Douglas Mitchell: Thank you. By way of introduction, I'm Douglas Mitchell. I'm president of Structured Settlements Group Inc. My family has been in the insurance business since 1933. I started in 1970, mainly in claims, and by 1985 was primarily negotiating structured settlements.

If you are unfamiliar, a structured settlement uses a special annuity that enables the defendant insurer to guarantee tax-free future payments to a claimant, saving the defendant insurers in Ontario hundreds of millions of dollars. Defendant insurers lobbied hard to get this benefit and, in return, structured settlements were supposed to be openly available to all claimants.

I've participated in more than 2,000 settlements that involved structures. I have taught structured settlements at over 100 law firms and financial brokerages, and at the Insurance Institute of Ontario. I have been a structured settlement adviser to every level of government in Canada, from local police forces right up to the federal government.

I see two serious problems in the industry: preferred structure brokers and assignments. I will deal with preferred brokers at this time, and you may draw upon my experience for information about assignments causing a massive concentration of risk at a later date, if you wish.

There are four full-time structure brokers in Ontario and all are paid by commission when they place the funds for the annuity with a life insurance company. With the changes to the act in 1996 and subsequent, adjustors and lawyers have increasingly relied upon structure brokers to provide quotes on the cost of buying tax-free annuities to cover each of the types of future needs as a basis from which to start negotiations.

In the last 10 years, a large number of auto insurers have designated preferred brokers. In theory, these are the brokers that they would prefer their own adjustors and lawyers contact to get information about the costs or the value of future payments. In practice, the general insurance companies' lawyers and adjustors demand that the annuity be placed by their preferred broker, resulting in their broker receiving the commissions.

Preferred brokers have refused to split commissions with the claimant's brokers. They say they can represent the best interests of both sides at the same time so the claimant does not need their own expert. The general insurance companies refuse to pay bills submitted as a disbursement by a claimant lawyer for independent structured settlement advice.

This process, over several years, has caused the claimants' lawyers to be unable to consistently secure independent structure calculations and advice, leaving them to accept whatever calculations and technical information the defendants' preferred broker suggests.

There are a multitude of variables that affect the calculation of the cost of future needs and other elements in a structure quote to make it appear to address those future needs. People do make errors and do "forget" elements from time to time. Without the oversight of a claimant's structure expert, the defendant's preferred broker's mistakes go undetected and elements are excluded or included at the discretion of the defendant's preferred broker without question or review.

Some time ago, I undertook to help at least one claimant lawyer each month, even if I knew that I would not be paid. The result was shocking. Out of the scores of cases, there was a mistake on virtually every case, and only once was the mistake in favour of the client. The claimants' preferred brokers are consistently making mistakes and including assumptions that favour their client, the defendant insurance companies. These mistakes have been as large as \$600,000 on a single case and would

have gone undetected if it were not for my gratuitous participation in the case.

This situation was prevalent in the United States about 10 years ago and, once exposed, led to many lawsuits against defendant insurance companies. The United States' industry leaders forced a change to the structured settlement practice, acknowledging that each party is entitled to independent expert advice, and if both sides engage structure brokers, those brokers will share the commission equally. This is somewhat similar to our MLS system here in Ontario for real estate.

This practice ended the problems and the abuses in the United States, but this problem needs to be addressed here. Ontario defendant insurance companies have no interest in claimants getting independent structured settlement advice while the errors are in their favour and saving them money.

I've attached in my printed materials, which will be handed out, the relevant portion of the only Canadian textbook about structured settlements. The writer, John Weir, a former superintendent of insurance for the province of Ontario, anticipated this problem and clearly stated that no one broker can represent the best interests of both the claimant and the defendant at the same time. His comments on conflict of interest are quite strong.

In conclusion, if structured settlement costs are going to be used as one of the bases for negotiation, then the claimant needs to have access to independent calculations and technical advice. Somehow, by commissions or fees, that work must be paid for or it will become unavailable. If structured settlement costs are not used during negotiations, then the claimant is receiving a fixed amount of money. If he chooses to structure part of his funds, then the broker's commission is paid out of his settlement funds. For the defendant insurers to demand that their preferred broker receive that money, to the exclusion of the qualified expert that the claimant has chosen, is absurd.

The quick solution is for regulators to confirm that the claimants' costs of securing independent expert advice about structured settlements is a claimable disbursement, which is payable either through a share of the commissions or directly from the defendant insurer. The defendant insurers will not need to pay this bill. They will simply direct their preferred brokers to share the commissions, or find new brokers who will share those commissions.

I'm available for detailed discussions and to provide multiple examples, as recent as last week, of these abuses. I'm also available for more detailed discussion about the problem of concentration of risk at any time you choose. Thank you.

The Chair (Mr. Bob Delaney): And thank you very much, Mr. Yurek.

Mr. Jeff Yurek: Thank you for coming in today. It's great that you've come in because this is the first I've actually heard of this part of the equation. I would gladly like to meet with you and talk to you about it later on as I digest some of what you've said personally.

Now, this problem: Has it just recently occurred? Has it been growing? When did it really start?

Mr. Douglas Mitchell: It started about 10 years ago, and it started with one particular defendant group who found that by offering quotes on a certain basis that favoured them, they could save probably a quarter of the starting price of each negotiation. It spread then, generally, to more and more of the defendant insurers over the years, and I'd say that now, probably 75% of the defendant insurers have picked one or two preferred brokers who will present what should be a fair and neutral assessment very much tilted in their own favour.

Mr. Jeff Yurek: So basically you want the system opened up to give fair choice to both the defendant and the plaintiff?

Mr. Douglas Mitchell: Yes. Every other expert that you might seek out information from in the course of an injury claim, you'd get an independent expert. First of all, you don't have to go to the lawyer that the insurance company uses to get your legal advice. You hire an independent lawyer and your party-to-party costs are paid. You don't have to use the accountant or the actuary that the defendant insurance company uses; you get to retain a financial expert to crunch your numbers for you, and those bills are paid. You don't rely on the information from the doctor who is giving the report to the insurance company. Although the doctors are supposed to be neutral, the doctors are well known to be tilted to one side or the other.

0940

But every claimant gets to retain experts in various fields, and those experts are paid more or less fully on every case except in the case of structured settlements.

Mr. Jeff Yurek: Ted has a question.

Mr. Ted Chudleigh: Just a brief question: You mentioned life annuities. I understand life annuities are purchased on the basis of a proposed cost-of-living increase. Quite often, those cost-of-living increases are inadequate to provide the claimant with cost-of-living indexes. Are these being manipulated as well by the system?

Mr. Douglas Mitchell: First of all, you can buy a life annuity that's level. You can buy a life annuity that's going to increase at 2%, 3% or 4% as a fixed rate of increasing. You can buy life annuities that are guaranteed to increase with the consumer price index, and on those annuities—and as you probably know, in Ontario, interest rates and the consumer price index pretty well run like railroad tracks. If interest rates go up, the consumer price index goes up. Your annuity will go up by the same percentage in the following year, but your annuity will not fall if interest rates or CPI falls. Your annuity will go up with CPI. If CPI goes negative, your annuity remains level at that plateau until CPI is positive again, and then it goes up again.

Mr. Ted Chudleigh: So it's more expensive to buy.

Mr. Douglas Mitchell: Yes. Now, one company, Canada Life, has come out with CPI plus 1% a year and CPI plus 2% a year, and that's in response to a case called *Roberts vs. Morana* and the MTO, where a great

deal of actuarial time was spent in court proving that care costs, non-medical care costs, are increasing at the consumer price index plus at least 1% more per year, and medical care costs are increasing at the consumer price index and at least 2% per year. Canada Life responded by developing a product that would pay in either of those two patterns.

The Chair (Mr. Bob Delaney): Thank you. I'll have to cut you off there. Mr. Singh.

Mr. Jagmeet Singh: If I understand this correctly, the key issue—I mean, if I could break it down, and tell me if you agree, one issue is that insurance brokers or insurance companies are using preferred brokers, which kind of tilts the balance in their favour as opposed to the claimant. The other issue is that claimants don't have access to a lawyer or an independent source of getting advice on how to structure their annuities. Can you touch on those two parts? Am I understanding you correctly?

Mr. Douglas Mitchell: Yes, you're understanding correctly. It's like telling every claimant of Dominion of Canada that they have to go to a doctor who happens to be Dominion of Canada's doctor, and they can't go anywhere else. If they do, the doctor's bill won't get paid. As much as I am trying, I can't spend my entire career going and doing work for claimants when I'm not getting paid. The other structure brokers, I think, have found the same thing.

Ms. Teresa J. Armstrong: I also have a question. In one of the areas of your deputation, you had said, "People do make errors, and do 'forget,'" but you've put that in quotes. Are you insinuating perhaps that forgetfulness is maybe motivated?

Mr. Douglas Mitchell: Yes, I am. With only one exception have I ever seen an error in favour of the claimant.

Ms. Teresa J. Armstrong: But the errors where you've got "forget": Are they intentional so that—

Mr. Douglas Mitchell: Yes.

Ms. Teresa J. Armstrong: You believe they are.

Mr. Douglas Mitchell: Yes.

Ms. Teresa J. Armstrong: Okay—on the part of the insurance company.

Mr. Douglas Mitchell: On the part of the defendant insurance company's preferred broker.

If you want an example, on quite a few cases, what I've found is that the defendant's broker will present a structure number that is supposed to meet the income replacement benefit on a statutory accident benefit file. They regularly "forget" that there is a stage post-65 where you receive a percentage of your pre-65 income for the rest of your life. I've run into that so many times where this is presented as meeting the IRB obligation. They forget about the post-65.

Ms. Teresa J. Armstrong: I want to squeeze this question in. FSCO is responsible for the insurance companies' rates and making sure that they don't break the rules, for penalties. Do we know who oversees these companies that perhaps forget, not to the benefit of the client?

Mr. Douglas Mitchell: I brought this to the attention of FSCO four years ago and really haven't had any response.

Mr. Jagmeet Singh: What would you envision a better system would be, if you can just briefly outline that?

Mr. Douglas Mitchell: It's very interesting. Over the course of the time I've been in the business, whenever a recognized official makes a statement about how they would conduct claims business, every lawyer and every adjuster in the province suddenly takes that as a benchmark or a measure of reasonable conduct and very quickly moves to that measure of reasonable conduct to protect themselves from future claims and—

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Go ahead, finish your sentence.

Mr. Douglas Mitchell: All that has to happen is some regulator or some person in authority has to come out and say, "I firmly believe that claimants are entitled to independent structured settlement advice," and somehow that advice has to be paid for, whether it's by share of commission or by actual receipt of a fee from the defendant insurance company.

Mr. Yasir Naqvi: Thank you very much for coming today and—I want to echo Mr. Yurek—bringing a unique issue that we have not heard in these hearings up to now. What are your recommendations to us?

Mr. Douglas Mitchell: Just what I was reiterating in the last few moments: You may be able to identify, or, as a body, make a statement or have someone confirm that the cost of securing independent structured settlement advice is a cost that should be recovered from the defendant insurers. The defendant insurers will immediately turn around and force their preferred brokers to split the commissions rather than pay it as an extra cost. The whole process will become transparent again and equal. Right now, it's very unequal.

Mr. Yasir Naqvi: Thank you very much for your time.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Mitchell, for having come in this morning to share your thoughts.

Mr. Douglas Mitchell: Thanks for your time.

MR. GERRY KYLIE

MR. BRYAN YETMAN

The Chair (Mr. Bob Delaney): Our next deputation is from Gerry Kylie and Bryan Yetman. Are you in the room?

Mr. Gerry Kylie: I don't believe Bryan is here.

The Chair (Mr. Bob Delaney): I'm sure he can catch up to you. You'll have 20 minutes to make your presentation here this morning, followed by 10 minutes of questions divided equally among the parties. Your questioning will start with the NDP. Please begin by introducing yourself for Hansard, and then proceed.

Mr. Gerry Kylie: My name is Gerry Kylie. I just want to start out by saying welcome to Brampton, or, as former Premier Davis used to say, the centre of the universe. Mr. Davis sometimes stretched the truth a bit, but applied to our current automobile insurance situation in the province, he'd probably be pretty much spot-on.

I'm an insurance broker in Brampton with Heart Lake Insurance Brokers. I've been in the insurance business for 41 years, the last 34 as a broker serving the Brampton community. In the interests of full disclosure, I am a member of the Insurance Brokers Association of Ontario, but I appear here today representing only myself and not the association.

I'm sure that most people here understand the difference between brokers and insurers, but I'd just like to reiterate for those who do not that, as brokers, we need to work closely with insurers, but our mandate is to represent our customers' interests to the insurance companies.

Insurance is a complex product, and I feel, and the law requires, that consumers need and get expert advice tailored to their own individual needs when purchasing the product. My aims and goals will sometimes differ with those of the insurance companies, as my prime responsibility is to advocate on behalf of the public and serve my customers to the best of my abilities.

With respect to the auto insurance fraud and abuse situation, we have to get auto insurance rates under control. I believe the single most important thing that can be done to lower claims costs and thus insurance premiums is to tackle fraud and abuse in Ontario's auto insurance system, particularly in the accident benefits area. I can't tell you exactly how to do this, but I can tell you I'm seeing far too many accident benefit payouts ranging up to \$50,000 when total damages to both vehicles involved are less than \$1,000. It can happen that someone is that badly injured, and those who are deserve every penny of compensation they are entitled to. But realistically, what has been happening defies all logic.

0950

The Auto Insurance Anti-Fraud Task Force recommendations are scheduled to come out later this year, and I want to urge the government to implement those recommendations as quickly as possible. Page 57 of the 2012 budget foreshadowed some of the task force's final report recommendations: regulation of health clinics, various gaps in regulation, the establishment of a dedicated fraud unit, a consumer education and engagement strategy, and a single Web portal for auto insurance claimants.

I'm not political. I'm not a member of any party in the province. And I will tell you that I do not care who gets credit for taking action here, but action must be taken. I'm prepared to support constructive recommendations to combat fraud and abuse from any party. The public deserves nothing less. If we continue to tolerate abuse of the system, it will only get worse. We already pay the highest rates in the country and cannot handle any more increases. Savings must be found in the product design and administration.

I will say it again: Tackling fraud and abuse in auto insurance is probably the most important thing we can do to lower premiums. However, please, let's not get into a major overhaul of the system. I've worked through three different major overhauls of the system in my career, and we don't need a fourth. What we need is to give the 2010 reforms an opportunity to work. They appear to be having some effect, but we do need to proceed with action on the abuse front.

Even with those reforms, don't be deluded into thinking there are excess profits in the auto insurance area. There are no simplistic quick fixes to the system, and it's not a time for aggressive measures on rates. Again, let me be clear: I'm not here to defend insurers, but any aggressive tampering with the system will add expense—both actuarial and systems overhaul—and will threaten market stability.

There is, though, one other measure that can be taken to deal with unfair pricing practices in the property and casualty market. That is to ban the use of credit scoring in personal property insurance.

In 2005, the Ontario government banned the use of credit scoring in the rating of auto insurance. Shortly after that, many insurers began circumventing the ban by refusing to offer quotes to those who refused access to their credit information. This was finally brought under control by the 2010 auto reform package, which defined use of credit as an "unfair and deceptive practice." What the insurers have now done is used credit scoring much more aggressively on their property products, which basically subverts the ban. Many consumers buy both property and auto products from the same carrier to take advantage of multi-policy discounts. We have had situations where companies increased their property premiums dramatically—for example, from \$900 to \$2,200 for house insurance—due to credit scoring, which forces the client to go elsewhere, and thus they divest themselves of an auto policy they don't want in the process. We have to stop this back-door effect on the automobile consumer. My concern with this is that more and more property insurers are using credit scoring, and soon there won't be an elsewhere to go.

These are not all bad people. They may have a low credit score for all kinds of reasons, but most have always paid their premiums and been good customers who place no claims burden on the industry. Once there is nowhere else to go, we will have an availability crisis. That means you'll be back here with a standing committee on property insurance in the near future. None of us need that when it is so easily avoided.

Both Newfoundland and New Brunswick have seen fit to ban credit scoring, and Bill 108 has been introduced in our Legislature. I urge you to support it. I also believe it will be a simple procedure to amend the "unfair and deceptive practice" regulation currently in the Insurance Act to apply to property, the same approach as was taken with auto.

Thank you for your time.

The Chair (Mr. Bob Delaney): And thank you very much. Mr. Singh.

Mr. Jagmeet Singh: Thank you, sir, for being here today. You indicate that fraud is the single largest contributor to costs, or it could be the single largest way to save money where it comes to bringing down insurance premiums.

The IBC disagrees with you. The IBC says that claims costs are the number one cause and, of claims costs, fraud may be a portion. The Auditor General has indicated that fraud accounts for between 10% and 15% of the costs. The anti-fraud task force can't give a number; they're not able to say how much fraud actually costs.

We've seen that the cost per vehicle that insurance companies have to pay out—and their largest cost is their claims cost—has gone down by approximately 70%. I don't think we can find that type of savings in terms of reducing fraud, but there's no guarantee that's going to result in any savings in our premiums.

How do you respond to that, and how do you respond to any guarantee that by reducing fraud there will be a savings for consumers, when we've seen one of the largest decreases in cost in the history of insurance but we haven't seen any significant savings in our premiums yet?

Mr. Gerry Kylie: I'm sorry. You threw a lot of different percentages and numbers at me there and I'm not sure I caught them all. What were you referring to as the—

Mr. Jagmeet Singh: Just in general that the cost per vehicle has gone down significantly, and that's the largest cost. Insurance companies are saying their largest cost is how much they pay out per vehicle—their claims cost per vehicle.

Mr. Gerry Kylie: You mean per vehicle to repair a vehicle?

Mr. Jagmeet Singh: No, just based on their overall cost, including accident benefits, payouts on vehicles. Their entire costs have gone down significantly, largely because of the 2010 reforms. We've seen that they've gone down by more than half.

Mr. Gerry Kylie: I don't believe that's true, as an overall basis.

Mr. Jagmeet Singh: We had FSCO just confirm that yesterday. So just assume that that's true. How is that—

Mr. Gerry Kylie: I can't assume that's true, because I just can't believe it—and I don't believe it.

Mr. Jagmeet Singh: Let's say, as a hypothetical, claims costs have gone down significantly, by more than half. Take that hypothetical; assume that hypothetical. How is that going to relate to our premiums going down when we haven't seen that?

Mr. Gerry Kylie: If that were to happen, FSCO would be telling the companies to approve decreases pretty quickly.

Mr. Jagmeet Singh: Okay.

Mr. Gerry Kylie: They're not going to sit there and let companies make excess profits on the product. It's not going to happen.

Mr. Jagmeet Singh: And when would you foresee that that would happen?

Mr. Gerry Kylie: I'm not sure exactly when the companies file for their rates, but when they start filing, if they're not filing low enough rates FSCO would tell them to go back to the drawing board and file lower rates.

Mr. Jagmeet Singh: Okay. If there were savings of something over 50% in terms of costs, if they went down by that much, you would foresee that there would be some significant reduction in premiums?

Mr. Gerry Kylie: Well, yes. They would track pretty closely.

Mr. Jagmeet Singh: Okay, that's good. Do you agree with the idea that claims cost is the largest difference or the largest component in terms of premiums?

Mr. Gerry Kylie: Claims cost is—I mean, you've really got two things. You've got administration cost and claims cost, and claims cost is certainly the bulk of things. But claims cost includes a lot of different areas. Since the tightening of the 2010 accident benefits, we've started to see a lot more lawsuits starting to arrive on our doorsteps from people trying to get their money from a tort standpoint.

Mr. Jagmeet Singh: Right. Thank you.

The Chair (Mr. Bob Delaney): Thank you. Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Gerry, for your presentation. You spoke in your presentation about the fraud and abuse, that a lot is happening in the greater Toronto area. Can you explain it? What kind of fraud is happening in Brampton?

Mr. Gerry Kylie: I don't believe I can specify as to what's going on there without—I mean—

Mrs. Amrit Mangat: Because you mentioned—

Mr. Gerry Kylie: We see examples on a regular basis of claims that seem to be way over and above what damages are to vehicles. When you see \$400 damage to a vehicle and you have accident benefits payouts of \$35,000 and \$40,000, it doesn't sit right with me. I've been doing this for a lot of years and the last few years we've started to see this, and it doesn't make sense.

Mrs. Amrit Mangat: Okay. Is this fraud more than in other parts of the province and Canada? Is it specifically more in Ontario, the GTA and Brampton?

Mr. Gerry Kylie: It seems to affect the GTA more so, Brampton being part of the GTA. Brampton has a lot of problems, being that the growth of the population has far exceeded the infrastructure and the roads' ability to handle it, so the roads are very busy. We also have a particular problem with a lot of new drivers, being a lot of people who moved here 15 or 20 years ago. Their children are now driving. They're new drivers on the road. We do have a large immigrant community that arrives here, and they may be experienced drivers and they're not used to Canadian winters and whatnot. So we have a lot of new drivers in our system here in Brampton which is affecting things as well, I think.

1000

Mrs. Amrit Mangat: Okay. My second question is, is territorial rating the only cause for the increase in auto insurance premiums?

Mr. Gerry Kylie: Pardon me?

Mrs. Amrit Mangat: Territorial rating: The area where you live in is the only cause that the auto insurance premiums are high?

Mr. Gerry Kylie: No, it's one of a number of rate-setting factors—

Mrs. Amrit Mangat: Okay. What are the other factors? Can you please throw light on that?

Mr. Gerry Kylie: You've got people's individual driving records: how long they've been driving, what their accident record is, what the conviction record is—these things are all part of the rating equation—what their vehicle is, what the accident rating on their vehicle is, as far as the damageability factor. Some of the foreign cars are more expensive to fix than some of the North American cars, these types of things. Some people are injured more in an accident than others, so that's all part of the equation as well.

Mrs. Amrit Mangat: So territorial rating is just one factor; it is not "the" factor for increased auto insurance—

Mr. Gerry Kylie: No, it's one of a number of factors. I mean, it's—

The Chair (Mr. Bob Delaney): And on that note, I'm just going to interrupt you. Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in, guys. My question won't be hypothetical. We know fraud increases claims costs, so therefore that's why claims costs are higher, and premiums going down—we learned from FSCO yesterday that it could take up to a year to actually get a premium change, so there are some problems there.

My question for you: One, what do you see as the broker's role in educating consumers on fraud? Because I think that will be a big help in reducing fraud. Two, who do you think should be on the oversight of fighting fraud? Should it be FSCO? Should it be the Insurance Bureau of Canada? Should it be some other government agency?

Mr. Gerry Kylie: I think FSCO and the government may be in the best position to handle it, in conjunction with the insurance brokers. We have a big role to play in this. But the cost of advertising and brochures and these types of things, and getting the information out to the public, I would think the insurance companies should bear a big part of that cost. Now, I'm speaking as an individual here.

Mr. Jeff Yurek: Now, with the role of educating the clients, do you see the brokers having a major role in taking that on?

Mr. Gerry Kylie: Yes.

Mr. Jeff Yurek: And would the insurance brokers of Ontario—I know you probably can't speak for them, on their behalf—

Mr. Gerry Kylie: Bryan may be able to.

Mr. Jeff Yurek: Bryan probably can. Would they be up to taking a strong part of this role of educating the public?

Mr. Gerry Kylie: I would certainly think so.

Mr. Bryan Yetman: Apologies for being late. I thought we were starting at 10 this morning.

Yes, certainly, that was—

The Chair (Mr. Bob Delaney): I'll need you to just introduce yourself before you start.

Mr. Bryan Yetman: Oh, sorry. My name is Bryan Yetman. I've actually driven all the way here from Whitby today. I am a past president, now two years removed, of the Insurance Brokers Association of Ontario.

To that point, Jeff, I know that when the auto reforms had come through in 2010, the one thing that the brokers' association did is we actually sent our education team on the road and actually spoke to over 11,000 people, being out there to sort of inform and educate. We actually created some electronic infrastructure for our brokers to be able to easily print materials and brochures, and encouraging our broker members to send out information to the public.

So, in short, absolutely that's something that I think the association would look at as their responsibility, something that they would be happy to do. They certainly have a track record of being able to get out there and inform the public and also the professionals who are out there servicing the product.

Mr. Jeff Yurek: And what body do you feel would be best suited to lead the charge on fraud: IBC, FSCO or a government or a mix?

Mr. Bryan Yetman: I think at that stage, at that level, when you're talking about actual regulation and enforcement and things like that, right now, if you're asking me here today, I think the Financial Services Commission of Ontario would be the most logical body, alongside with some police authorities and whatnot as well and the courts. But certainly I wouldn't think they would want to leave the disciplinary action and whatnot to the public—like the insurers or the IBC or the IBAO. The association would certainly be happy to be out there and educate, but at the end of the day, those types of things should be managed at the government level, the regulatory level, and the most logical place, at least given our current infrastructure, would be the Financial Services Commission of Ontario.

The Chair (Mr. Bob Delaney): Okay, and thank you very much for coming in today to make your deputation and for sharing your thoughts and your expertise.

ONTARIO PSYCHOLOGICAL ASSOCIATION

The Chair (Mr. Bob Delaney): I am advised that while our next deputant on your schedule has not arrived yet, we do have the 11 o'clock deputation, the Ontario Psychological Association, ready to go. So Dr. Amber Smith, Dr. Brian Levitt, if you're in the room, please come up. Have a seat. Make yourselves comfortable.

You will have 15 minutes to make your deputation this morning, followed by up to 10 minutes of questioning. This round of questioning will begin with the government side. Please begin by stating your names for Hansard and then proceed.

Dr. Brian Levitt: We'll be ready in just a moment.

The Chair (Mr. Bob Delaney): F5 will get you your slideshow.

Dr. Brian Levitt: Thank you.

Dr. Amber Smith: All right. I'm Dr. Amber Smith from the Ontario Psychological Association task force on auto insurance and the lead author of our guidelines on assessment and treatment of psychological injuries under auto insurance for Ontario.

Dr. Brian Levitt: I'm Dr. Brian Levitt. I am the president of the Canadian Academy of Psychological Disability Assessors. The Canadian academy is basically a group of psychologists who are senior psychologists with expertise in doing disability assessments, with a lot of evidence-based experience that we can bring to bear in terms of looking at the superintendent's report and what we're presenting to you today. Thanks for inviting us.

We thought we'd begin with just a little bit about who psychologists are, because sometimes there's a little bit of confusion around that. We're independent, autonomous, regulated health care providers trained from the bachelor's all the way through to the doctoral level in normal and abnormal mental health, experts in scientific methods applied to health and behaviour, and experts in measurement. We provide scientific, valid and reliable methods for assessing impairments, provide cost-effective, empirically validated, evidence-based treatments, and provide the gold-standard interventions for depression, anxiety, brain injury and chronic pain.

In Ontario, psychologists see patients with traumatic injuries under WSIB, auto insurance, victims' services etc. We're employed in hospital programs for chronic pain, depression, anxiety disorders, schizophrenia, cognitive impairments and brain injuries. Also, we cannot bill OHIP directly.

With respect to auto insurance, car accidents are the single biggest cause of civilian post-traumatic stress and brain injuries. Psychologists provide the most effective treatments for post-traumatic stress. Psychology is the only profession able to measure and diagnose cognitive impairments due to brain injury.

For accident victims, psychologists assess and treat post-traumatic stress disorder, depression, chronic pain and traumatic grief. We assess and rehabilitate brain injuries, assist in school and work re-entry, and assess and measure disability.

Furthermore, for accident victims, we tend to be involved with the most seriously injured and vulnerable, we work with high-need victims who have brain injuries and psychological disorders, and we provide services that are critical for recovery and disability prevention. Historically, in terms of the data in Ontario, that's 2% to 4% of accident victims.

As you all, I imagine, already know, mental health is often misunderstood. Services are often underfunded. Many studies across the country tell this story again and again; auto is no different. MVA victims with psychological conditions are among the most vulnerable of accident victims. Psychological disorders and brain injuries are invisible—this is an important point that I think bears underscoring—and they're easy targets for stigma, misunderstanding and discrimination.

MVA victims with psychological conditions tend to have higher levels of disability. It's the burden of comorbid conditions, when you combine mental and behavioural with physical impairments. Co-occurring mental and physical disorders create a greater burden on the system, suffer due to shortages of services for mental illness and brain injuries, and then there's often offloading to the public system, such as CPP, Ontario Works, public housing, prisons, etc.

1010

Obviously, cost control is essential. It's something that keeps coming up, and the 2010 reforms appear to be working. We included—we don't have it in our PowerPoints, I guess because we couldn't quite figure out a way to get this into the slides—an article from the Canadian Underwriter. It's in the packets that we had handed out. The graph in this article underscores this point that cost control appears to be working since the 2010 reforms. The June 2012 statistical issue shows a significant decrease in AB costs for insurers in Ontario since 2010. If you look at that blue line, that's the significant drop in the AB costs. Then coincident with that is an increase in the tort costs; that's the red line. So when you're seeing the significant drop in the benefits, you're also seeing the increase in the expense with tort.

So even though we're seeing this cost control, we see that this has created unintended consequences. Reforms have resulted in harm to some injured accident victims, and this is part of what we want to talk about today, because this does not have to be the case.

Dr. Amber Smith: We need solutions that continue to control costs, that reduce fraud, but that rehabilitate, prevent disability and protect the most vulnerable, and avoid harming people inadvertently. What we're seeing in the current 2010 reforms is that they're too blunt. They are hurting vulnerable people. They are controlling costs, but there's more there.

What we have currently is evidence-based guidelines for assessment and treatment services that are billable under auto insurance in Ontario. They were developed by more than 20 psychologists from around the province and passed by the Ontario Psychological Association board of directors. They have been published in an international peer-reviewed journal. They are accepted by our psychological community and are based on science.

They are not accepted by the insurance industry. We see consistent denials of everything that's consistent with these guidelines. So that's going to be part of our proposed solutions, that we need some acceptance of these guidelines.

What is working: The anti-fraud task force is working. The OPA is participating with that. The college of psychology is part of the professional identity tracker. Many psychologists are now able to track who is billing in their name for whom they're not working, so we're really glad for that. Let's keep that.

What is working: our electronic submission service, HCAI. This centralized invoicing and form submission system provides utilization and cost data. It should be able to identify outliers that can be investigated. It should make transactions more efficient and reduce transaction costs. So in terms of solutions, let's keep improving HCAI—there are some problems with it, some bugs that need to be worked out, but we think it's going to be good—and continue the anti-fraud task force. Let's keep those.

Now, what's not working: Our assessment and treatment plan approval process is not working. We're having more denials, more disputes, more delays. There are no reasons given for the denials, no communication with the providers, and the whole process has become far more adversarial. We have data from some reputable clinics outside the GTA, clinics that follow the Ontario association guidelines for assessment and treatment, and you can see the significant drop in approvals and increase in denials. This is seen and reported by other very reputable clinics that employ only regulated providers that are very ethical and that follow the guidelines.

The next slide is tracking from 2008 to the end of May in 2012. You can see the change in the full approval rate from pre September 1 to post September 1, and the increase in the denial rate, how actually it's increasing. If you look at the very bottom number, 29%, 32%, 42%, it's going up.

The problem is also that more of these are supposed to go to IEs, to second opinion. They don't always go; they're getting stuck in pending status. Two thirds of our IEs—I didn't include this on the slide; it's too much—are still being approved, the same rate as before, so all you're getting is lack of timely rehab, increased patient distress, frustration, increased disputes and transaction costs, increased disability. All of that means increased tort and BI costs and offloading to public systems.

What do we need to do? Let's reinstate timelines for decisions so people aren't lost in this grey zone. Reinstate deemed approval provisions. Improve adjuster education. Ensure approval for plans that are consistent with our evidence-based guidelines. Require communication between insurer and patient or provider prior to denial of service. These numbers are from clinics that call the adjusters. Call when they're submitting a plan. Ask for feedback from the adjusters—they don't get it. Require a reason for the denial. Too often it just says "denied": There's no reason given, the patient is denied service, and we can't do anything.

What else is not working? I referred to insurer examinations. In addition to having more referred and actually being stuck in the referral process for months, we also have no timelines. We're getting IEs by other profes-

sions. As psychologists, it's weird to get a second opinion from a GP or a nurse. Decisions that don't make sense: They don't understand our guidelines; they're approving and denying things that we can't do. Then we're getting repeat IEs for the same questions: patients who are sent for an IE before they come for assessment. The assessment says they need treatment, we do the assessment, submit a plan for treatment, and then they're sent back to the same IE to ask about the treatment that they already approved. There's no communication with providers, even when we try.

Let's ensure we have appropriate experts for IEs. Let's reinstate the timelines again. Let's develop joint guidelines for IEs. CAPDA and OPA are doing this, but again, if we develop another guideline, we need some assurance of acceptance by the industry.

I don't want to take up too much time. Also, the minor injury definition is too blunt an instrument. Cost control is obviously working and there is greater buy-in. We are seeing more people using it. The problem is, it's being used indiscriminately. There are high levels of utilization, which was a problem with the PAF, but it's being misapplied. We have patients every day with clearly documented concussions, brain injury and post-traumatic stress being restricted to the minor injury guideline. This is inappropriate. It's supposed to be for sprains and strains. They're getting denied services, and obviously that creates greater disability, more mediations and arbitrations, more lineups at FSCO, more BI and tort claims.

Our solution: Let's develop tools to identify who is supposed to be included and excluded from the definition and restricted to the MIG. We're doing this together, OPA and CAPDA. We're developing guidelines again. We want to reduce the inappropriate applications, denials and disputes. Again, we need some understanding that if it's science-, if it's evidence-based, it should be acceptable.

Back to Brian.

Dr. Brian Levitt: I'm just going to be spending a little bit of time now talking about the cat recommendations in the superintendent's report.

First, we support the intention in the report to introduce elements of evidence-based medicine to the Ontario automobile insurance system. We think this is a fantastic idea.

One of the recommendations we have is a simple change in the language in the report from "psychiatric" to "mental and behavioural." This is most consistent with current research, evidence and practice, to refer to disorders as "mental and behavioural," not as "psychiatric," which is a professional designation as opposed to a description of a disorder.

Also, we would like to see a more appropriate threshold for mental and behavioural impairments as comparable to physical impairments. I raise this because in the superintendent's report, the threshold appears to have been increased or the bar appears to have been raised for mental and behavioural in relation to physical and is discriminatory in that sense. If the government is

intending to have mental and behavioural impairments have a higher threshold, then the report actually does support that quite well, but we think that's not comparable and is discriminatory. We think there should be a shift in the GAF from 40 or less to 50 or less, which would be much more consistent with the other catastrophic definitions.

We also are looking at—

The Chair (Mr. Bob Delaney): Just to advise you, you've got about two minutes to go.

Dr. Brian Levitt: Perfect. Thank you.

Another recommendation is to include mental and behavioural impairments in an overall whole-person impairment rating; in other words, to combine all impairments of the whole person, not just physical but mental and behavioural, and that this can be done very easily with a conversion table, that is evidence-based, in the California workers' comp system.

We'd like to see the removal of the requirement of a restrictive list of specific diagnoses from the mental and behavioural criteria, because this is discriminatory. However, if a specific list is required, we'd like to be included in the process of generating a guideline for it.

1020

Also, allow psychologists to conduct—that is, as lead examiners—examinations for determination of catastrophic mental and behavioural impairments: This is what we've done since the inception of the SABS catastrophic, but have been excluded since the 2010 reform.

Then include psychologists among those who may complete applications for catastrophic mental and behavioural impairments and sign the OCF-19s, which, again, we have been able to do since the inception of the SABS and since 2010 have been excluded.

Continue to recognize our autonomy, competence and authority to independently certify treatment plans relevant to goods and services for patients with catastrophic mental and behavioural impairments. Also, continue to recognize neuropsychologists to independently certify plans for patients with catastrophic brain injuries.

Improve timeliness of access to catastrophic determination and address details of interim identification. There are a number of bulleted points here about our proposals to do that. In the time I have, I won't go through all that.

Also, remove the language in terms of any requirements for publicly funded or community-funded services from the definitions, because this does not fully incorporate the reality that there is private funding being used for rehabilitation services.

In conclusion, we want to thank you for the opportunity to meet with you, and we welcome any questions that you have. Thank you very much.

The Chair (Mr. Bob Delaney): Nice timing. Ms. Wong.

Ms. Soo Wong: Thank you for your presentation. I want to ask you—yesterday we had a presentation from FSCO, and very clearly from the chart it showed to the committee, there are concerns with respect to the rise of

examination and assessment from 2006 to 2010. From the chart I'm seeing in front of me, there's an increase of 228% in terms of examination and assessment. I want to ask both of you from your association, what are you doing about this increase, and how are you going to address the fraud? Very clearly, this increase is not acceptable—and your association in reducing it, and your accountability through your college. I want to hear some solutions about this increase.

Dr. Brian Levitt: Absolutely. It's a very serious point and well understood.

The data going to 2010 unfortunately leaves out the rest of the story, which is 2010 up to now. Since the reform, we've actually seen a precipitous drop in terms of the number of examinations. When we look, for example, at the catastrophic assessments through our own clinic, there has been a return to levels of around 2007—before 2008, actually, since the reforms came in in 2010.

When you've removed the rebuttal system, for example, which really saw a huge spike in the number of assessments, we're now seeing our number of assessments drop down to what they had been around 2007. I think a lot of this actually has to do with legislative markers as opposed to fraud or overuse of the system in that sense.

Ms. Soo Wong: But I didn't get an answer from you with regard to accountability by your members in terms of fraud, okay? I want to know, has your regulatory body been proactive in disciplining or revoking the licence of your colleagues who have not been ethical in their practice?

Dr. Amber Smith: I think part of what's difficult is that the colleagues are not always reported to the colleges, and the colleges are complaint-based. What the college is doing is, the OPA and the college are among the first participants partnering with the anti-fraud task force to ensure that psychologists can actually see who's billing in their name. What has happened is we have had complaints by our members that they sometimes are doing IEs on OCF-18s that have been submitted in their own names, and they didn't do the work.

Ms. Soo Wong: Okay.

Dr. Amber Smith: Everybody's very pleased that OPA is one of the first, and the college has signed on to be—I think we're the second college with the anti-fraud task force to be able to track that.

In terms of being able to bring any kind of sanctions against members who have been fraudulent, the college needs people to report that. They're report-based. If it's not reported, they can't do anything.

The Chair (Mr. Bob Delaney): Thank you. Mr. Yurek.

Mr. Jeff Yurek: A couple of quick questions here. How important is it to initiate treatment when somebody is starting to go through a mental condition due to an auto accident? You're saying they get delayed. How important is that?

Dr. Amber Smith: As with most things, it's very important to try to catch it early because it's not as en-

trenched and it's not as severe. If we can catch it early, we can have a much bigger effect and prevent more difficulties later. The problem with the delays is that not only does it increase the patient's distress but it entrenches the condition and then it takes longer, it takes more to try to straighten it out.

Mr. Jeff Yurek: Would it be more cost-effective to treat earlier than to wait?

Dr. Amber Smith: For sure.

Mr. Jeff Yurek: Assessment costs were brought up. They were skyrocketing through the roof and then they got capped to \$2,000—your comments on that? Has the pendulum swung too much to the other side? And number two, your northern members: Is there trouble to access professionals in the northern parts or the rural parts of Ontario due to these assessment caps?

Dr. Amber Smith: I think access is difficult in rural and northern areas regardless, assessment caps or no assessment caps, particularly in a system with limited access to experts.

In terms of the assessment costs, I think my colleague, Dr. Levitt, addressed that, that in general the assessment costs were going through the roof with regard to rebuttals. However, those were capped in 2010, and we've seen a precipitous drop.

Mr. Jeff Yurek: Professionally, how accurately can you diagnose a mental condition after an accident with regard to pre-existing conditions? How accurate are you at determining what was there before the accident and after?

Dr. Amber Smith: That's an excellent question. Do you want to—

Dr. Brian Levitt: In terms of the issue of pre-existing—and this is something we spend a great deal of time on. First of all, with respect to diagnosing, we can be very accurate, valid and reliable with our diagnosis without looking at cause. We can diagnose very accurately.

Parsing through with the idea of causation, we need to have time to look at the complete medical file to do a complete workup in terms of the clinical interview, get our collateral sources, so that we can get all of the aspects of the picture to figure out where things fall out. So when we have the time to do a proper assessment, we're able to parse out causality rather accurately.

Dr. Amber Smith: It goes back to our scientific methods. In psychology, we call it multi-trait, multi-method assessment. It means you get your information from multiple sources and try to see how it all hangs together so you can be more accurate.

Mr. Jeff Yurek: Okay. And a personal opinion, I guess—not your answer, it's just that the next question is personal. The \$3,500 limit on the MIGs, is that a fair amount? Should it be higher, should it be lower? Do you have any thoughts on that?

Dr. Amber Smith: For the minor injury, you mean?

Mr. Jeff Yurek: Yes.

Dr. Amber Smith: Frankly, we don't see people who have minor injuries, so it's a bit difficult for us to speak

to. Certainly any of our patients who are trapped within that, it's clearly insufficient. It doesn't even pay for our services.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: You touch on something that has come up a couple of times now, that some of the changes that we've seen in the 2010 reforms are shifting the costs from the private sector to the public sector. I'm just wondering if you could comment on that with more specificity.

Dr. Amber Smith: I think that's especially true with regard to the assessment and treatment of injuries. Frankly, when people are trapped within a system that isn't looking after their needs, they get offloaded. In the Hamilton area, most of our physicians participate in—what's it called?

Dr. Brian Levitt: Family health teams.

Dr. Amber Smith: Family health teams. They have access to mental health counsellors who look after a lot of their patients. A lot of our referrals really are the really, really, really injured people for whom the mental health counsellors and the family physician's office aren't enough. But they get offloaded back because they can't come see us because the system isn't looking after them and is restricting them too much. Sometimes, when they lose their homes, they go to Ontario Works, and sometimes, when they can't get access to higher levels of benefits, they go on CPP.

Mr. Jagmeet Singh: One of the things that I think is a targeted approach—sometimes the word “fraud” is used as a blanket and it's just this shotgun approach to a problem but it doesn't really provide any real solutions. One of the things I noticed that I think is a positive step is the issue of tracking the psychologists and who's billing in their own name as a way of specifically targeting one area that was an improper practice. Are there other areas where there can be a strategic kind of targeted approach to looking at avoiding excess costs that's not such a blanket thing as just throwing out the word “fraud,” but using something more thought-out and more thoughtful in terms of an approach?

1030

Dr. Amber Smith: I think OPA and CAPDA would love that. I think we're really pleased that OPA is at the table with the anti-fraud task force and that the college has jumped on board immediately to try to help us.

I'm not sure we're the right people to answer that question.

Dr. Brian Levitt: Probably not in that sense, but still, we're very much on board with that. The idea of OPA and CAPDA working together, for example, on joint guidelines in terms of how we do the MIG assessments, how we would do IEs, so developing guidelines that we hope the profession will follow and to get the buy-in from the insurance industry so we're all working together on the same page, would be hugely beneficial, I think.

Dr. Amber Smith: One of the things we did do in developing the assessment and treatment guidelines was

ensure that we had psychologists working who provide second opinions, who do IEs, as well as who do assessment and treatment. They came up with several measures—it was a large group of psychologists—that should limit fraud, that should limit who can apply and who can participate in this and who can be funded. I would hope that uptake of those guidelines by industry would help to reduce fraud.

Mr. Jagmeet Singh: The last thing I wanted to quickly touch on is, I agree with you that HCAI is a very powerful tool in tracking and could prevent some other excess charges. You mentioned improving HCAI. What specifically could we do to improve HCAI?

Dr. Amber Smith: There are some features right now whereby things like—they're just bugs, where the dates don't necessarily match. The date that the provider considers the date of the form to be is not the same as the date the insurer considers the form to be. Therefore, even though it's a pre-approved service, the invoice gets denied and doesn't get paid, and there are actually more transaction costs, plus the fact that insurers tend to print everything out. Adjusters still have printed matter and are not viewing things electronically.

The system should work if we can get it there, but these are things we need to work out.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and shared your insight this morning.

ONTARIO BRAIN INJURY ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is the Ontario Brain Injury Association: Tammy Dumas, Steve Noyes. I think you're in the room. Please come forward and take a seat. Make yourself comfortable. All of the mikes work. Just pick any seat you wish.

You'll have 20 minutes to make your remarks this morning. Please start by introducing yourselves for Hansard. In this round of questioning, which will be up to 10 minutes, the questioning will begin with the official opposition. So please begin with your introduction for Hansard and proceed.

Ms. Tammy Dumas: Thank you. Good morning. My name is Tammy Dumas, and I'm the associate director of the Ontario Brain Injury Association, or OBIA, as we are commonly known. I'm here today with my colleague Steve Noyes, who is a survivor of brain injury and our IT consultant.

On behalf of the board of directors of the Ontario Brain Injury Association, we thank you for the opportunity to make a submission to this committee for input on this study of the auto insurance industry's practices and current trends. OBIA applauds this committee for seeking further input, and again we thank you for the opportunity for Steve and I to share our concerns.

OBIA is a provincial not-for-profit charity which speaks on behalf of survivors of brain injury, of which there are approximately 500,000 in Ontario. Since 1986, we have been working to enhance the lives of Ontarians

living with the effects of acquired brain injury through education, awareness and support.

OBIA does not provide direct rehabilitation services to people. Therefore, as an organization, we are not directly impacted by the proposed insurance changes. However, our main priority is to advocate on behalf of people living with brain injury to ensure that they receive the reasonable and necessary services that they are entitled to in order for them to achieve the best possible quality of life given their circumstances.

As part of our support to Ontarians who have experienced brain injury, we offer a toll-free provincial helpline where we receive calls from both survivors of brain injury and their family members. Many of these calls are from people who have been injured in motor vehicle collisions. As a result, we have an abundance of opportunity to hear the consumer's perspectives on and experiences with auto insurance.

Furthermore, we receive calls from family members whose loved ones have never been diagnosed with a brain injury following a motor vehicle collision, but suffer severe neurological impairments and difficulties with functioning following a motor vehicle collision. One of the services that we often provide is helping families navigate through the systems and the necessary steps required to access the appropriate assessments needed to in fact determine if they have a brain injury. These calls come to us sometimes months or even years following a motor vehicle collision.

OBIA recently conducted a study with over 600 participants, and in that study, nearly 16% of respondents indicated it took them longer than six months to learn of their acquired brain injury; 4% stated it took them longer than five years to learn of their injury.

Therefore, given OBIA's mandate, our services and the compilation of our membership, we believe we are in a unique position to comment on some of the specific aspects of auto insurance, particularly as it relates to catastrophic brain injury. I will note that my presentation is a bit of an abridged version from the presentation that you have in order for us to meet our time.

We know that the financial costs of ABI in Ontario are indeed great and are measured in the hundreds of millions of dollars for rehab and lifelong support. The public health care system does not have the financial dollars required to cover all of these costs. Thus, it's legislated by the provincial government that all individuals who drive must have auto insurance to ensure that the health care system does not become burdened with the cost of serious injuries related to motor vehicle collisions.

OBIA is very concerned with the proposed changes in the superintendent's report on the definition of "catastrophic impairment." It is our position that the proposed changes from the current definition will be detrimental not only to the severely injured, but to the general population, as services previously covered by insurance will fall to the taxpayer and those utilizing OHIP will be on a longer wait-list for required services.

I would like to highlight some of our concerns regarding the proposed changes to the definition of “catastrophic impairment,” the first being the proposed changes to the definition of “traumatic brain injury” in adults. In the initial report, the expert panel recommended that a person who sustained a brain injury must be accepted for admission to a program at an in-patient neurological rehab centre. This was changed to state that the eligibility criterion is now admission to an in-patient facility or an outpatient or day-rehab program.

Although OBIA is pleased with the modification in this criterion, we still see the proposed change as being prohibitive in receiving treatment. Even within our current system, we know that people are falling through the cracks, and under the proposed change, this will become an even wider crevice for several reasons.

OBIA has many members who have never spent a day in an in-patient rehab facility, outpatient or day program, but do have severe brain injuries that meet the current definition of catastrophic brain injury. One example is a person named Gerry. Gerry was proceeding through an intersection when a driver ran a red light and T-boned him. Gerry was unconscious for only a few moments prior to the ambulance arriving. The ambulance took him to the hospital and he was later released.

Gerry began to experience problems with headaches and cognitive difficulties. He went to his doctor, who told him to go home and rest. Long story short, Gerry never spent a day in a rehab centre or an outpatient or day program.

Gerry attempted to return to work as a primary school teacher. However, due to his difficulties with memory, sequencing and fatigue, among others, the school asked him to step down. Gerry will never return to the classroom as a teacher, nor is he currently capable of other full-time employment.

Gerry did go through rigorous testing and later was, in fact, deemed catastrophically injured. Gerry had a good experience with his insurance company and they were very helpful through this difficult process. Further, the insurance dollars that were available to Gerry allowed him to put a rehabilitation team in place. This team enabled Gerry to get some of his life back, and he is now able to live at home with his family.

Under the proposed changes, we are not sure what would have happened to Gerry. More than likely, Gerry, like others, would have been forced to utilize the Ontario Disability Support Program or Ontario Works simply to keep a roof over his family's head, with little quality of life because of the deficits because of his injury. OBIA is concerned that newly injured Gerrys will fall through the cracks with some of the proposed changes.

1040

There are long wait-lists. There are already long wait-lists for in-patient, outpatient and day programs, and by adding this criterion, the proposed changes will only increase the long waiting times for treatment on an already significantly stressed system.

There's a shortage of recognized neurological rehabilitation centres, outpatient and day programs, creating regional disparity for treatment. Rural brain injury survivors specifically are at a disadvantage under this definition. For some in the very rural north, there are no outpatient or day programs at all for them to access. However, across Ontario, even where they do exist, there are still tremendous barriers, transportation being the primary difficulty. For example, there are programs available in Hamilton, but for individuals in the Niagara region or Niagara Falls, that trek may simply be impossible. This could be due to not having the availability of a friend or a family member or another support person to provide them with that transportation, and there is no direct public transit to a lot of these programs.

Additionally, for those with severe brain injuries, often they have a window of a few good hours in a day where they have the energy and the stamina, and this would be used up by simply the transportation alone—getting there.

Another concern is the onus on front-line medical personnel to facilitate the admission to outpatient and day programs. The matter to consider is that the requirement for admission to a neurological in-patient centre, outpatient or day program puts the onus on front-line personnel—ER doctors, family doctors etc.—to recognize and diagnose a brain injury but also to facilitate admission into a facility.

In OBIA's experience, brain injuries are often missed right at the time of trauma, especially when there are other injuries that need immediate attending-to or are immediately recognized. It is our experience that it is often at the point when a brain injury survivor attempts to return to their normal life—for example, returning to work or returning to school—that the true deficits from their brain injury are realized. These deficits can include memory loss, inability to organize and sequence, lack of physical and mental stamina. Again, these people, under the proposed changes, would fall through those cracks.

The exclusion of community-based rehabilitation programs: The proposed definition completely leaves out the numerous brain injury survivors who seek assistance only through community-based rehab programs. In many cases, these programs are just as valuable and are more cost-effective. Under the proposed definition, these brain injury survivors seeking that type of support would be left out.

In regard to the physical and psychiatric impairments not being combined for the purposes of the cat definition, the proposed changes to this definition would require any impairment or impairments arising from traumatic brain injury that could be classified as psychiatric to be evaluated using the adult definition of cat and not the whole-person impairment. From OBIA's perspective, we need to look at the overall outcome for the individual and their success or, sadly, lack of success in resuming their life that they had prior to their brain injury. Therefore, we believe that a brain injury survivor who sustains a mild or moderate brain injury, resulting in psychiatric symptoms

along with the physical impairment, should not be excluded from being able to combine impairments.

The report also indicated it did not have the resources to conduct a comprehensive review of the literature to determine whether valid and reliable methods of combining physical and psychological impairments exist. Therefore, OBIA feels it's premature to remove this from the definition, as it presents a barrier for access to funds for possible rehabilitative supports.

Family doctors as the gatekeepers of treatment and assessment plans: A final concern OBIA has is making family doctors as gatekeepers on treatment and assessment plans. Currently in Ontario, there are almost one million people who do not have a family doctor and will not be able to access any care. Furthermore, in our experience, there are many times, when supporting our clients and our members, that we have had to educate their family doctors about their brain injury and their symptoms, and their recovery. Understandably, they are general practitioners and not specialists. OBIA has grave concerns about putting them in a specialist role.

In summary, OBIA has concerns regarding the changes being proposed to the cat definition and the impact it will have on those who are seriously injured in motor vehicle collisions. Furthermore, those who are seriously injured will be forced to turn to the public health care system, putting even more pressure on an already stressed system.

I thank you again for the opportunity to share OBIA's concerns, and I'd like to introduce my colleague Steve Noyes.

Mr. Steve Noyes: Good morning. My name is Steve Noyes. I have a brain injury. Let me tell you a little bit about myself.

It was June 2007. I was working as director of information and communication technology at Mount Sinai Hospital. With the support of a staff of over 80 individuals, I had the full responsibility for all computer systems and the entire phone system and network infrastructure for the hospital. I also spent a considerable amount of time working with the Ministry of Health and the LHIN on major hospital integration projects.

On June 6, 2007, after a typical busy day at the office, I left the hospital to start my trip home. As I was crossing the street at a crosswalk, a bus made a left-hand turn and ran over me. I sustained a severe traumatic brain injury as well as orthopedic injuries.

I spent a few months at St. Michael's Hospital recovering and waiting for a bed in rehab. In September, I was transferred to the Chedoke rehab in-patient unit. While in this program, I was always doing something to rehabilitate my mind and body. My belief was that I was working hard enough that when I went home, I would just pick up my life where I left off: back to my career, my family, my friends. Was I in for a surprise. What I came home to was my wife learning to live as a caregiver, my daughter needing to behave more like a parent than a new high school graduate, and a son who was just lost.

One day, while at an appointment in Hamilton with my wife, I received a text message from my son saying, "I love you." There was no response to further text messages I sent. We discovered when we returned home that he was taken to the hospital after taking a bottle of my sleeping pills. Fortunately, he had called friends after taking them, and I will always be grateful to those friends and the paramedics who saved his life. My point here for this committee is that brain injury not only affects individuals; it affects everyone in a family.

Coming home was a huge dose of reality. In my mind, I had lost everything that was familiar to me: my job and its prestige, my role in my family, my ability to be independent. I didn't even know myself. My behaviour was out of control: angry mood swings, impulsive spending and, not surprisingly, depression. How does one move ahead under such circumstances? The answer is: community-based rehabilitation.

My brain injury was unfortunate. However, I was fortunate to have been deemed catastrophic and, as a result, gained access to resources that allowed me to work with a specialized team in my own home. You see, the hard work of recovery is learning how to live again and that can only happen at home, but it takes enormous funding resources. In my case, my rehabilitation team consisted of a speech-language pathologist, an occupational therapist, a neuropsychologist, multiple rehabilitation therapists, attendant-care support workers so that I could be safe at home, and a case manager to coordinate everything.

For me, my brain injury also caused severe vision loss, so I also have with me today my service dog, Tonka. He is my best friend and gets me safely from point A to point B.

With all the help I received, I'm learning to live a new life. I'm still not working, but I obtain meaning and satisfaction from my role as computer consultant with the Ontario Brain Injury Association. My family is still adjusting to the new me, but thankfully they are not suffering like they were. My daughter has finished university and is engaged to be married. My son has found his passion in helping others as he was helped, and is training to be a paramedic. I still meet weekly with my neuropsychologist and work with a rehabilitation therapist three days a week so that I can be healthy, productive and not depressed.

So, five years after my injury, that is where I've travelled. But without the financial resources that my catastrophic designation brought, I'd be in a very different place, perhaps even becoming a long-term psychiatric patient, because, ladies and gentlemen, without resources, that's where many individuals with my kind of injury end up.

I thank you for your time today. I am passionate to see that others who sustain brain injuries receive the support they need to make the best possible recovery. I hope you have heard my message and will consider the benefits of being deemed catastrophic. Remember, what we are

talking about here is only the eligibility to access what is needed to recover; that access is everything. Thank you.

1050

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Yurek?

Mr. Jeff Yurek: Thanks for coming in today. It was great to have your presentation.

A couple of questions. Since the 2010 changes, what percentage of your association, dealing with auto insurance, is not getting deemed catastrophic and therefore having to deal with the \$50,000 threshold?

Ms. Tammy Dumas: That's a good question. It's not something that we're currently able to track, but we've put those plans in place to start to track those calls that come in partly because many people were not aware that that's even an issue, without education and understanding the changes that occurred in 2010.

But from OBIA's perspective, it is something that we're tracking currently in the calls that come in to our helpline and through other requests for service. We don't have any concrete numbers yet around that difference, but we have just recently started to notice an incline in those types of calls and those requests for information.

Mr. Jeff Yurek: And on average, what's the wait time between—you've given us a couple of times, but what's the average wait time for being deemed catastrophic from the time of the accident?

Ms. Tammy Dumas: You know what? Not being a clinician, I'm not sure that I can answer that question in a clinical way.

We can speak to it from the context in which we get the phone calls around how often people have waited to receive any diagnosis at all related to a brain injury. And I mean that we receive hundreds of calls every month for people who have a brain injury but haven't yet been diagnosed.

Mr. Jeff Yurek: And there's been a lot of talk about fraud over the last few months—sorry if you can't hear me. I'm light-talking again.

Ms. Tammy Dumas: That's okay, thanks.

Mr. Jeff Yurek: There's a lot of talk about fraud in the system. We feel that a lot of the fraud that's going on is actually taking the money away from helping people in your association, which is therefore causing massive changes in the system. Do you have any thoughts on fraud at all or any examples coming through your association?

Ms. Tammy Dumas: I honestly can't speak to any examples that would come through our association or through our helpline related to fraud. Is there a question that it exists? No. Our concern, from OBIA's perspective, however, again goes to simply that the resources are available to those who do need it so that serious consideration is given to the information of the context around how it's going to affect survivors or potential brain injury victims and their families moving forward.

I can't speak definitively about the fraud issue, but I can speak to how the changes would affect people having not received the cat designation. I think Steve is a perfect

example of that, as is Gerry. Those are just two people of the hundreds we could probably talk about.

Mr. Jeff Yurek: And do you feel these new proposed definition changes to catastrophic are going to possibly increase the likelihood of people being denied catastrophic coverage?

Ms. Tammy Dumas: Yes.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Yes, thank you. One of the recurring themes, I think, that is occurring—I think you touched on it very well and I'd like you maybe to address it again—is that money or funding or resources that are put up front—and I think this also speaks to Mr. Noyes's story as well. I thank you for sharing that with us. It's always difficult to share and relive those experiences, so thank you so much for sharing that, and thank you for your advocacy work, as well, as a part of OBIA.

Ms. Tammy Dumas: Thank you.

Mr. Jagmeet Singh: What I'm seeing is that resources up front, in terms of rehabilitation and reintegration, prevent cost down the road that if you can put resources in the front end, you save in the long end with chronic psychiatric patients or other things of that nature. Is that something that you're advocating? Am I understanding you correctly on that?

Ms. Tammy Dumas: I'll speak to that quickly if you want to. Absolutely, and I think we would advocate for sure that we work with people all the time around—immediate rehabilitation is important for an individual with brain injuries recovery. We do see the demand on the health care system down the road around the future services that are required, in particular related to mental health services, as Steve mentioned, issues related to depression, anxiety. A lot of that can be related to the breakdown of the family as a unit because, as Steve said, brain injury does not just affect one person; it does affect the family as a unit. A lot of those future costs are if the family caregiver is unable to work. Outside of the medical community, we start to see people relying on welfare, ODSP, Ontario Works, those kinds of things.

It's a big picture that we need to look at, in the context of not just the individual who sustained the injury but the family that's surrounding them. Down the road, if immediate supports for everybody are not provided, particularly for the individual to make the best possible recovery, then what's that long-term effect going to look like, and who's going to pay for that?

Mr. Jagmeet Singh: Ms. Dumas, I also want to thank you so much for your advocacy. One of the things that's really concerning to me, that I think I didn't really turn my mind to and you've really drawn this out very well, is that the definition requires someone to be admitted to an in-patient neurological rehabilitation centre. There's a series of problems with that. I didn't realize that, inherently, there are already long waiting lists, and if you are required to be an in-patient, then you're inherently going to have to wait on that same long waiting list, which will

severely impact those who are able to access brain injury treatment. Is that what you're talking about?

Mr. Steve Noyes: If I can actually comment on that from experience: I spent a month and a half sitting, waiting, in a bed at St. Michael's, waiting for an in-patient rehab bed, when I could have been served from home in a better way with outpatient rehab and the community-based rehab. But that wasn't offered at the beginning, not until after my in-patient stay.

Mr. Jagmeet Singh: So essentially—and you touched on this, Mr. Noyes—at the end of the day, to be reintegrated into society, you need to be able to learn to live at home.

Mr. Steve Noyes: Right.

Mr. Jagmeet Singh: And as much in-patient treatment as possible will never replace the outpatient, and being able to reintegrate into your family life.

Mr. Steve Noyes: No. If you ask me for my opinion now, the outpatient at-home rehab is three times better than what you would receive from an in-patient rehab perspective.

The Chair (Mr. Bob Delaney): Thank you. Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Tammy and Steve, for your presentation. Steve, thank you very much for sharing your story with us. It's really heartbreaking.

My question is to Tammy. Tammy, in your presentation, you spoke about your concern that newly injured Gerrys don't fall through the cracks. In your opinion, what do you recommend so that those people don't fall through the cracks?

Ms. Tammy Dumas: I think it's with some of the changes where people—I'm thinking about Gerry as an individual specifically, and the struggle that he endured because he wasn't deemed as being catastrophically injured initially, because the doctor sent him home. What we're saying is, sometimes severe brain injury is not immediately recognizable. But he was living with a catastrophic brain injury. He was unable to function in all of his roles that he had prior to his brain injury. Receiving those services, getting those assessments early on and starting to receive some of those rehab services would have prevented some of the difficulties that Gerry had down the road.

Again, Gerry's story is a positive one in that he's one who ended up receiving that designation and thus the resources that are attached to it, and was able to put the team in place that he needed, to get the help that he needed. But without all of that, without the designation, those resources don't come, people don't get the help that they require, and there's a breakdown of many things.

Mrs. Amrit Mangat: Thank you.

The Chair (Mr. Bob Delaney): Okay, we're done?

Ms. Tammy Dumas: Thank you very much for having us.

The Chair (Mr. Bob Delaney): Thank you very much for having come in and for having shared your thoughts and opinions this morning.

Mr. Steve Noyes: Thank you very much for having us.

HEALTH SERVICE MANAGEMENT

The Chair (Mr. Bob Delaney): Our final deputation this morning comes from Health Service Management: Viivi Riis, if you're in the room. Please take a seat anywhere. Make yourself comfortable. You'll have 15 minutes to share your thoughts and opinions with us this morning. This round of questioning will begin with the NDP. There will be up to 10 minutes of questions. Please begin by stating your name for Hansard and proceed.

1100

Ms. Viivi Riis: My name is Viivi Riis. As a physical therapist with more than 30 years of professional practice experience, I've treated many people with injuries suffered in automobile collisions. My experience includes services provided at the request of insurers as well as by plaintiff lawyers who represent victims of injuries caused through another party's negligence. I have obtained a master's degree in rehabilitation science, with a focus on health services research, and I've published three peer-reviewed articles related to the delivery of health services in the private and auto insurance health sectors.

I have experience with auto claims issues in Ontario, Alberta and the Atlantic provinces, including knowledge of issues pertaining to what are often termed "minor" injuries. I'm recognized by the Nova Scotia Supreme Court as an expert in physical therapy and rehabilitation matters, in the context of a constitutional challenge on their definition of minor injury.

Last year, I represented the Insurance Bureau of Canada on the New Brunswick working group on minor personal injury convened by the Minister of Justice. This is a very familiar forum for me.

Recently, I've been invited to be a member of the Ontario minor injury guideline expert panel, and I'll assist in the development of a new minor injury guideline for Ontario.

Finally, as a health consultant, I work with health care businesses, auto insurers and the Insurance Bureau of Canada, IBC, to facilitate policies and procedures that strive to improve health services to those injured in automobile collisions. I think I'm in a unique position because I have insight into the challenges faced not only by my colleagues—health professionals—but also by the insurers who work with persons injured in automobile collisions.

My experience in this field has confirmed to me that claimants, or patients, who can access the right resources at the right time to recover maximally have a better quality of life and tend to participate more fully with their families, the labour market and society at large. I think our previous presenter spoke to that as well.

It follows that maximal recovery is the common goal of both the health care industry and the insurance industry because costs to the insurance industry and society are reduced when individuals can resume partici-

pation as fully as possible. At the same time—and this is a very critical point to remember—it's axiomatic that demand for health care funding will always exceed supply. You will never have enough health care, and I think that has to be something on the Rolodex in your brain as you consider these problems.

The government is faced with a delicate balancing act to weigh the need of injured persons for effective health care with the need of drivers in Ontario for affordable and available auto insurance.

My submission will draw your attention to three topics that, in my view, don't get enough attention. I think these are important if the government wants injured Ontarians to receive evidence-based health services that promote a return to the individual's pre-accident activities and reintegration into their families, the labour market and society at large.

The first is accountability for health outcomes. It's my opinion that most health professionals are very well-intentioned and want to do the right thing for injured persons. But the system is very complex. It has taken me a good 10 years to truly come to understand the nuances of first party benefits, third party benefits and all of the gymnastics that have to happen for those processes to go forth.

This complexity and the influence of other stakeholders such as insurers and lawyers has created confusion and misguided behaviours. Much attention is paid to how much and what kind of treatment is available to injured persons, but very little attention has been placed on whether all that treatment in fact helps the injured person to reach the goal of returning to their pre-injury life, and that includes work, family, societal roles. There's much frustration in the system. I'm sure if you've heard from injured people, they will tell you about their frustration. The previous presenter from OBIA said that they get frequent calls from injured people trying to figure out how to navigate the system. I think this is a very big issue.

It's also confusing because, in my experience, claimants involved in legal proceedings arising from an injury must typically submit to various medical examinations and questioning by representatives of all the parties involved in the case. Generally, there are two insurance adjusters involved, often from different companies. These processes, in spite of the efforts by health professionals, lawyers and insurers to explain each step, can be confusing and often result in frustration or anger.

Another source of irritation for injured victims is when two medico-legal reports come to conflicting opinions, something that has also been cited by presenters in these hearings and others. This is a very common problem when we have an adversarial system.

The Australian Attorney General in 1996 said at a public seminar on their motor accident system, "One important basis upon which any compensation is determined is, of course, the medical report. Trial judges have remarked to the Motor Accidents Authority that in some cases, the differences between medico-legal reports

tendered by the parties are so great as to cast doubt as to whether they are related to the same person." I can assure you this is a very common occurrence in Ontario as well.

There is an absence of consequences for poor health outcomes, and part of the reason for this is that there are no consequences for health professionals if the treatment they deliver doesn't actually help to improve the injured person's functioning. In my experience, many treatment plans are submitted because the first two or three rounds of treatment didn't help, so yet another round of treatment is requested. In other words, "The treatment didn't work like I thought it would, so let's just do more treatment." It's very difficult for insurers to comprehend why more treatment is a good idea when previous treatment didn't work. It's also very difficult for insurers to deny treatment if the patient hasn't recovered yet.

The next topic is conflicting incentives. Our system provides conflicting incentives to injured persons, which, in my opinion, has also influenced the behaviour of health professionals. On the one hand, first party benefits, or accident benefits, pay health providers to promote recovery, but on the other hand, third party benefits, bodily injury benefits and pain-and-suffering awards increase in size only if recovery does not happen and if treatment is required for prolonged periods.

As a physical therapist, I can tell you it's very easy to find reasons to treat anyone. If I were to assess everyone in this room, I guarantee you I would find a legitimate cause for treatment for each of you. While not always driven by fraud, it's naive to ignore the financial—

Interjection.

Ms. Viivi Riis: Are there people who need help?

Laughter.

Ms. Viivi Riis: I don't think a lot of this is driven by fraud. I think there are certainly pockets of very intensive fraud, but I think that the general health care professional is trying to do a good job. But it's naive to ignore that there are financial incentives built into the system, and these incentives reward prolonged or unnecessary treatment. For example, colleagues of mine, health professionals, have told me of cases where plaintiff lawyers have instructed them to continue treatment, even when that professional has recommended discharge. I personally have experienced that kind of instruction, working with people who have been injured in automobile collisions.

Health practitioners are able to assess patients and prescribe the type, amount and duration of treatment for the patient. The same health practitioner who prescribed the treatment will typically, if approved by the insurer, deliver that same treatment. An analogy would be a physician prescribing medication or devices and then also selling those prescriptions or those devices.

Recently, I've also heard from my colleagues that plaintiff lawyers are guaranteeing payment of treatment, even if the auto insurer has not approved the treatment plan. Again, I'm not saying that all health professionals engage in such practices, but it would be naive to ignore

the architecture of the system and how it might influence the behaviour of health care professionals.

Return to work and its usual activities is in fact an excellent treatment strategy for most persons with strains, sprains and mild-to-moderate whiplash. We often refer to these as “minor injuries.” I don’t like the term “minor injuries” because any injury that happens to you is never minor to the person who is injured, so I’d rather use “strains, sprains and mild-to-moderate whiplash.”

We know from the health care science that returning to usual activities is one of the best treatments possible. But again, my clients often told me that they were instructed by their lawyer not to return to work until they were 100% better. Now, as a physical therapist, I can tell you that without doing the activity you need to be competent in, you’re not going to become 100% in that activity. I use the analogy of an athlete. If an athlete injures himself, imagine if he had to return to his activity only when he was 100%. You have to do the activity. You have to practise the activity you need to do in order to recover from the injury.

The factors I’ve discussed here, I think, have encouraged submission of unnecessary or excessive treatment plans for persons injured in auto collisions. This leads to higher costs, and it also stimulates the insurer to do more assessments to obtain medical backup that will allow the insurer to deny unnecessary or excessive treatment.

1110

There has also been an expanding definition of reasonable and necessary, and I think this language has been problematic, because it’s not concisely defined anywhere for medical professionals. Since I began practising in the auto insurance environment in 1992, there has been a dramatic change in how health professionals perceive the concept of reasonable and necessary. In response, insurers have become cynical and they lack trust in the health and rehabilitation industry as a whole. I think this is a problem, because insurers and health professionals really need to work as a team if the injured person is going to get a streamlined path through the rehabilitation process. These shifts in attitude can only be negative for the injured person.

A colleague of mine, who is an occupational therapist, recently shared a case study with me that illustrates this new culture. The injured person—and this individual has catastrophic injuries, and everybody agreed very early on that his injuries were catastrophic, so that was not an issue—lives in a remote area where all of the health practitioners on the team come from about two hours away. Two OTs from the same company were planning to visit the client to have lunch with him. My colleague, who was the case manager on the file, was invited by the OT to join them for lunch. My colleague asks, “What goals are served by the exercise of having lunch with the client?” The response is, “Community reintegration,” although the evidence pointed to the injured person being quite social and well integrated into community. The individual had a brain injury and an amputation, and he

had participated in fundraising efforts that had been very successful, and he had done media interviews and so on.

So my colleague declined to have lunch and commented to the OT that, from a boundary and financial perspective, lunch with a client is not appropriate, nor is double-billing—two OTs going for lunch. My colleague was assured that double-billing would not take place and that the second OT is the supervisor to the first OT, who plans to see each client in the company on a monthly basis. My colleague then informed the lawyer of what was, in her opinion, unnecessary treatment. Now, I don’t know what has happened, but it appears that my colleague, the case manager, will be removed from this case because the lawyer didn’t agree with her interpretation of reasonable and necessary. This treatment, if it did occur, may have resulted in a cost of over \$1,000 for lunch for this client, who had a questionable need for this type of intervention.

My recommendation is that while treatment of injured persons must be individualized, the system requires a mechanism whereby health professionals are held accountable to demonstrate the degree to which their treatment actually achieves the goals that are identified in their treatment plan. If you can figure out how to do it, I will be very happy.

The next topic is evidence-based funding. We often hear—

The Chair (Mr. Bob Delaney): I’d just like to remind you you’ve got about two minutes.

Ms. Viivi Riis: No kidding.

We often hear that after the first few months after injury, more treatment is important, but in fact, the science tells us that this is not the case. There is new evidence that suggests that in the early stages after minor injuries, less treatment tends to be more effective, so I think it’s very important to consider funding models.

I’ve also supplied you an illustration of how people who are injured in automobile collisions are, in a perverse sense, more fortunate than people who sustain the same injury in non-auto collisions. You’ve got three tables that show the additional benefits auto-injury victims have that people who have a fall in their backyard or a sports injury don’t have access to. It’s important to put things into perspective and recognize that OHIP services continue to be available. The insurance industry does pay a levy to support those services.

I do have a recommendation about scientific evidence used to support treatment type, dose and duration, and to examine fee-for-service models. I think fee-for-service models tend to reward health providers for a lot of treatment, but they don’t reward health providers for achieving good health outcomes, so if we can look at a shift in funding models, I think that could be valuable.

The final point is consumer education. Consumers have been very much pushed to the side when it comes to the cost of the system. The last part of my submission talks about providing education to consumers so they can understand the system, that they are fully cognizant of what is being spent on their behalf and what the goals of

the treatment are supposed to be. I think if consumers were more aware of their role in the system, if they were more aware that it is their benefits that are being spent for a lunch, they would serve as a better gatekeeper to their funds, and I think they have the right to do that.

So I will wrap up—

The Chair (Mr. Bob Delaney): And on that note, I'm sure that we can explore some more of this in questions. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. You've presented a very interesting idea. I like the idea of an alternative model for how we approach health care and how it's funded.

One of the obstacles to the idea—and I think the idea has a lot of merit—is that more and more we're seeing that there's a shift towards a bias in favour of the insurance companies in terms of disputes; there seems to be that shift occurring. What would be some strategies to ensure—I mean, this funding model that you're suggesting wouldn't work in a climate where there is a disparity in power between one group that has all the resources, that can withhold those resources from another group that's trying to claim the resources, unless there was a little bit more protection perhaps for the claimants.

If you agree with that comment or not—maybe you don't. What would you see that would need to take place to create that better funding model, and do you agree that there needs to be more equity between the two parties, that one party has all the resources and they can choose to withhold it?

Ms. Viivi Riis: I can't say that I'm aware that there's a shift in arbitration decisions and court decisions for the insurer. I would think that if that were the case, insurers would be paying less in med rehab benefits and not more, but med rehab benefits are still exponentially increasing when compared to any other kind of health care system, so I'm not sure about that statement.

I think what I would like to see—and I don't have the answer for it. I just think there needs to be a way of compensating providers for doing a good job, not compensating for just delivering treatment. It probably needs to be some sort of a blended model, because certainly there are some patients who just won't respond to treatment. I don't think providers should be penalized if they're working with a patient with extra needs, but maybe a blended model where there is some payment for treatment services, but also some sort of incentive to achieve the reintegration, functional improvement; looking at requiring goals of return-to-work using standard outcome measures. I think that's another no-brainer, really, to implement standard outcome measures into the system so all providers have to collect the same standardized measures that are accepted scientifically internationally, and reporting on those and having some aspect of compensation for outcomes.

Mr. Jagmeet Singh: Thank you very much. You talked about allowing the idea that the actual claimant or the person receiving the treatment would probably be in the best position to be a gatekeeper of their own funds. I

think there's a lot of merit to that argument because it's their funds at the end of the day, and if they're spent appropriately, that would give them more care or less care, depending on how it's spent. I think that makes a lot of sense. How do you see—just maybe some suggestions on what that program would look like.

Ms. Viivi Riis: Yes, I've got a whole plan. I just think that there needs to be plain-language consumer education about what auto insurance is. Many consumers think it's like a pension plan: You contribute so much money and you get so much money out. But the concept of risk pooling is not well understood by the average consumer, and it took me a good five to 10 years to sort of figure it out. The concept that the benefits are there if you happen to be unfortunate enough to be injured—and a lot of people do pay into the system and never take a cent out—

The Chair (Mr. Bob Delaney): I'm going to have to just stop you there. The rotation moves. Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Chair. Viivi, can you explain why the treatment costs, examination costs, benefit costs are so high in the greater Toronto area compared to the other parts of Ontario and other parts of Canada? Isn't whiplash the same in Windsor and Thunder Bay as it is in Brampton, Mississauga and Toronto?

Ms. Viivi Riis: In my opinion, it is. But certainly when we look at the data—I participated in a MIG survey for IBC where we looked at minor injuries in the GTA and outside the GTA, and certainly there are higher costs and different provider behaviours in the GTA. I don't know enough to tell you why that happens.

Mrs. Amrit Mangat: So what do you suggest can be done?

Ms. Viivi Riis: I think the system rewards health providers for delivering treatment, and I think there are incentives to continue to treat in the system, incentives from various angles. If we can try to bring more accountability to the health professional groups to deliver health outcomes, that might help.

1120

Certainly fraud is a piece of it as well, and I hope the fraud task force will be speaking to the hearing as well. They certainly know more about that than I do.

The Chair (Mr. Bob Delaney): Ms. Wong, you had a question.

Ms. Soo Wong: Thank you very much. It's quite refreshing to hear the word "accountability." I have one question specifically. With your comments about accountability—because I asked the previous deputant about the word "accountability"—what can we do more as a government, as this committee, on this whole issue of fraud among health professionals?

Ms. Viivi Riis: When you say "fraud," that's a big umbrella. What I've spoken about in my presentation is more opportunistic practices. I think when you look at fraud per se, one problem is that in the system, any one of you around this table can hang up a shingle and open up "The Whiplash Clinic" and you can bring patients in. You just need a physiotherapist or a chiropractor who's

prepared to sign off on these forms. It's very easy to start a business in this health care industry.

I think attaching a health care business in auto insurance to a regulated health professional is a good strategy, and I think there's some work under way examining that possibility. If you do that—

The Chair (Mr. Bob Delaney): I'm just going to stop you there. Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. A couple of questions for you.

I'm a pharmacist, and recently the government started MedChecks, which means we review medications. I'll tell you, every time I do a med review, I eliminate treatment because it's never been re-looked at, and I like your thought on having treatment re-evaluated after a certain amount of days. I think that's a great idea.

My question is, do you think there should be some sort of carrot dangled in front of health care providers to actually look at ending treatment? And second, do you think it should be possibly enforced by either FSCO or the regulatory body of that specific health discipline?

Ms. Viivi Riis: I'm not sure I want a carrot to end treatment, because it's easy to end treatment, collect the money and then have the patient go to another clinic. I still think it has to be meaningful outcomes, so sustained return to work, return to usual activity—some sort of carrot to achieve successful health outcomes. I think that probably is a good idea.

I've also considered this: For people with strains, sprains and whiplash, if they go through the minor injury guideline and at 12 weeks there's a request for more treatment, I think at that point an independent review that's binding could be useful.

Mr. Jeff Yurek: Further to questioning, with claims there have been a lot of denials, apparently an increase in denials, so—

Ms. Viivi Riis: Oh, I can speak to that, actually.

Mr. Jeff Yurek: Good. After I'm done, you can speak to it.

Ms. Viivi Riis: It appears that there are a lot of denials, but in fact, when one examines the data—and this is a process that I'm working with IBC on—most of the denials are in fact administrative denials. It's because duplicate forms were submitted, it's because the statement of claim hasn't been submitted, documentation is required or they're waiting for a medical report. So when we look at the actual denials, something like 11% of denials were true denials based on "This is not reasonable and necessary." There's another 12% that were denied because the insurer felt that the patient should be treated and receive benefits, but in the context of the minor injury guideline.

So I think that the denial number that we heard about is an appearance of denial, but I'm not convinced they're true denials.

Mr. Jeff Yurek: You don't think there's a problem, then, with increased denials from the 2010 changes?

Ms. Viivi Riis: No. I'm not aware of any real evidence that would show that.

Mr. Jeff Yurek: Okay. My other question: Your charts here are going on a catastrophic funding model, someone falling from a ladder. Do you want to go over that last chart and maybe talk about the avenues, the differences, I guess? I'd like to read more about appendix 3 there.

Ms. Viivi Riis: Okay. Appendix 3 looks at two people who have what we think of as catastrophic injury. I've used a spinal cord injury; that's where I did my graduate work. On the right-hand side you'll see what benefits are available. If somebody falls off a ladder and sustains a spinal cord injury, they have access to OHIP, in-patient services and outpatient services. If they have extended health services through work or private insurance, they would access that as well. Then there's also March of Dimes and various organizations that help support people with spinal cord injury.

Somebody with a spinal cord injury in an automobile collision gets all of that, plus the additional benefits. So we have first party benefits, which is the accident benefits, a million dollars of med rehab; attendant care of \$6,000 a month, up to a million dollars; income replacement benefits of \$400 a week and more, if optional benefits have been purchased; housekeeping and home-making, \$100 a week for life, and I believe that's indexed; caregiving benefits, if they're unable to engage in caregiving, for two years; plus, if they were the innocent victim of an at-fault party, they can also sue for any additional health care expenses that they might need for the rest of their life, and they can also get what's called "general damages" or a pain-and-suffering award.

What's interesting—

The Chair (Mr. Bob Delaney): I'm going to stop you there. I want to thank you very much for your thoughts and insight this morning and for taking the time to come in and address the committee.

If anybody wishes to sit and chat with any of our deputants that remain, they're perfectly welcome to do so.

I also want to acknowledge our host riding and MPP Jagmeet Singh for having brought in some nice masala chai tea and some Indian sweets. I would recommend for staff and members to help themselves to the masala chai while it's still warm.

We are now in recess. We will pick up our deputations this afternoon. I would like to ask members to be back here by 12:45. Our first deputation is at 12:50. The committee is in recess now.

The committee recessed from 1126 to 1250.

The Chair (Mr. Bob Delaney): Good afternoon, everyone. We are here to resume our study of the auto insurance industry.

COLLISION INDUSTRY INFORMATION ASSISTANCE

The Chair (Mr. Bob Delaney): Our first deputation of the afternoon is going to be the Collision Industry Information Assistance. John Norris, if you're present,

come on up and start us off. Pick any chair; they're all the same. Make yourself comfortable. You'll have 15 minutes to present your thoughts and opinions, followed by up to 10 minutes of questioning. The rotation will begin this time with the government side. Please begin by identifying yourself for Hansard and then proceed.

Mr. John Norris: Mr. Chairman, thank you very much. Good afternoon, members of the committee. My name is John Norris. I'm the executive director for the collision repair trade association in Ontario, and have been since 1988.

I should tell you a little interesting story. Just as I was leaving my office this morning for this meeting, I had a call from a shop in Toronto, and they had a customer in there with a collision repair being towed there. They were very upset.

I said, "What happened?"

They said, "Well, they just had an accident in the Dufferin-Lawrence area of Toronto, and the first thing that happened was someone showed up at their window saying, 'How would you like to make money? How would you like to make a lot of money?' The lady didn't know what this person was talking about. He just said, 'Listen, when the police get here, tell them you have a neck injury and you have to go to the hospital. When you get to the hospital, don't worry about it. I'll be there to meet you.'"

So they prep the customer and off they go, long before the police arrive. That type of solicitation at accident scenes, whether it's for tow or whether it's for clinical assessment or rehabilitation, is happening every day, every hour, all over the province of Ontario.

I am one of the contractors that helped design the Ontario Ministry of Transportation's stolen and salvage inspection program for shops in Ontario. We have over 500 collision repair shops that are inspection stations that are inspecting rebuilt vehicles to ensure their safety and legitimacy—i.e. they are not stolen—going on the roads of Ontario.

I'm also the administrator for the Vehicle Security Professional Program in Canada this year. It just started in Canada after four years in the US, on behalf of the 18 car companies in Canada that import and manufacture in this country, and the after-market technicians. That program provides security data from the manufacturers directly to a qualified tech to fix the car. Why am I mentioning that here? Because those security data include CAT, collision avoidance technology. As we have more and more vehicles in the system and being able to repair more vehicles, it's not a surprise to anyone in this room to see the Volvo S60 commercials of the car stopping itself before it hits something; the Lexus SUV that stops itself before you actually back over something in the driveway; the new Cadillac SVT programs, where the car's steering wheel shakes to warn the driver they're getting too close to another vehicle. If this program is successful, our US program identifies through NHTSA that in 25 years we'll have an 81% decrease in motor vehicle accidents, and we'll hopefully have a similar de-

crease in the amount of problems that you have on the insurance claims side and the problems you have on the health care side. So there's a light at the end of the tunnel. The technology may solve us all a lot of problems and a lot of headaches in the future.

In the interest of full disclosure, I should tell you that when I was a teenager and I saved for my first dream car—it was a used sports car—I had my first insurance experience. My used sports car was appreciating, not depreciating, in value, so I asked my insurer about it. I was told to see an appraisal firm that he recommended and obtain an appraisal. I did that. The appraisal showed the car had increased in value. I paid for the appraisal and the insurer's invoice for the additional premiums that my insurer required to cover the new replacement price. Sure enough, the car got stolen. After 30 days with no recovery, I asked the insurer for the money they had appraised the car for and I had paid additional premiums for. The answer: "Not a chance," said the insurer. They'll pay only what they think is fair, and their idea of fair was significantly below the appraisal price they had previously accepted. Did I want to complain? Sure, I did. I was told, "You either take the lower amount cheque now, Mr. Norris, or we'll see you in three to four years in court." So I took the cheque. That was my first experience as a kid in the auto insurance business.

However, with 300 members in our association, we hear and live with the complaints from our members, that I want to highlight to you today, that show the level of abuse that takes place immediately after that physical collision on the road, abuse that costs us all millions of dollars a year and can often be used to justify higher premiums for motorists. Please remember that in all the discussions you've heard of treatment plans and bodily injury claim costs, it's the collision repair shops who are the first to see the car and often the customer. We can tell if the vehicle was damaged now or earlier. We can tell if an accident may not have happened or had been staged. We know if the tow operator tried to sell the collision. We know if the tow operator obtained personal and private customer information so they could sell that information to a treatment clinic.

These are professional, Ontario-licensed, trained techs who can spot a fraud when they see it. As an industry, we can be the first line of defence against fraudulent claims. Yet we're never mentioned in the FSCO report. We were never asked to help with the Ministry of Finance report on auto insurance abuse. We were ignored. We're disappointed that, with our wide range of grassroots and repair knowledge, and our past work with IBC on towing abuse and with the province on theft claim issues, we were left out of that discussion.

Every day we hear from our members the tales of kickbacks, payoffs, towing abuse, medical treatment clinic sales techniques and aggressiveness, all while trying to calm down and protect that poor car owner, who soon will be exposed to the high-pressure sales tactics used on today's accident victim. And we wonder why premiums are high. Well, more importantly, I will high-

light the options for you today that are already available to the government to handle this and stop much of that costly abuse.

I can tell you, in collision repair in Ontario, the average insurance cost for a car repair was lower in December 2011 than it was in December 2004. I can guarantee you that clinics and medical costs are up 300% or more while our costs have actually gone down.

Shops tell us of abuse details, of tow truck operators selling collision work for a kickback and selling private, personal information of the car accident victim to get their \$2,000 commission from the treatment clinic all the way to demands for kickbacks that shops must pay to keep repair work in their shop. Even the parts companies that supply the parts to repair your accident collision damage must pay in kickbacks.

"Kickbacks" is not a nice word. Many will appear before you after my presentation today to contradict me and explain that they're really just business transactions in cash; they're really just referral fees for business; they're really discounts, or offered freely in order to obtain a thank you for business volume. For the next few minutes, let's just call those new definitions on an old game what they are and just talk about kickbacks—some in cash, some under a contract, many because of the fear of what will happen to their future business if the kickback isn't paid.

Those business threats are rarely entailing violence, although I had death threats when we were working with Toronto licensing to clean up an endemic towing overcharge problem. By the way, we solved that problem and saved the insurance companies in Toronto alone \$8 million each year on their towing bills. Usually the threats are to blacklist your business. Usually the threats are that no cars will ever be towed to your shop, or every effort possible will be made to steer customers away from your business.

I'll tell you today that there are none of our shop members here with me. I'm here alone. Not a single shop owner would come with me today because they're too scared to appear with you and be seen in public. They believe that any testimony or presentation to you today on what actually happens after a car accident—what they go through, what they see every day—would be used to shut down and isolate their businesses to the point of business failure, and they simply cannot afford to be blacklisted.

So let's have a quick look at what goes on with kickbacks and why it costs so much money to the insurers in the claims process.

There are treatment clinics that issue commissions of \$2,000 to tow drivers who will transfer private, confidential data on accident victims to them. We interviewed a tow driver who makes two calls a week and he gets \$125,000 a year. All the rest of that is kickbacks.

The clinic then immediately contacts the accident victims. They advise them that they are an insurance-preferred supplier or an insurance industry provider. Then they'll set up an expensive treatment plan. They haven't met the victim yet.

There are tow truck drivers and operators who push for their kickback as they sell the collision-damaged car to a body shop. Those repairs across Ontario now cost the shop, because the shop now seeks to recover the extra dollars paid to the tow operator. Our association receives calls from homeowners living behind a mall: "Why is a tow truck bashing a car into the wall at the back of the mall parking lot?" Well, by raising the damage level, the repair becomes more costly for the insurer and the tow operator gets a percentage of the damage appraisal.

In order for a shop to generate the extra revenue to pay back that chaser, the insurer gets billed for work that wasn't done; repairs with used or stolen parts that were billed as new; outrageous bills for storage; environmental fees; drop-offs; moving fee; \$300 to move the car on the lot; \$500 for a piece of cardboard under the vehicle to catch any oil drips; \$35 to allow the customer one phone call. If the customer decides to take the car somewhere else for repair: days of frustration, thousands of dollars having to be paid in release fees because that kickback has to be paid somehow.

1300

Car repair costs have remained consistent for the last eight years, despite rapid increases in labour costs, facilities management, equipment, more costly supplies, and, frankly, shops are not in a position to pay any more of a fair wage. Insurers insist on sometimes using untested after-market parts that the car manufacturers recommend against using and may not respond the same as auto-makers' original equipment parts in any new collision after repair in order to lower the price insurers pay out for an accident. These accidents may come back to haunt us in the form of increased injury after a second accident.

This only delays the inevitable when these new accidents occur after the initial repair and the car occupant is badly injured with a huge claims injury cost because of a faulty repair, having used parts stipulated by the insurer but not recommended by the carmaker. New high-tech and safety-biased parts needed to repair newer cars are being refused for replacement with demands by insurers that after-market or cheaper, used parts be put on.

Members, the kickbacks are on both sides of the table. Kickbacks are demanded by insurers, who often have a huge marketplace dominance and make decisions that determine whether your shop is going to survive or not for up to 10% of the price of the repair as a commission charged to send them their own customers' business. This is after paying them a labour hourly rate that's not sustainable to pay for equipment or new technologies. We are not aware that this kickback is being reported to FSCO. This is a business kickback that may not have been identified in the figures supplied to FSCO as claims revenue. It may be money that's being kept by the insurer that's used for other purposes.

Similarly, if a kickback is received by the insurer for a repair that was through a no-fault system billed internally to the insurer that covered the at-fault driver, we worry the bill will be charged for the full retail amount and not the actual amount the insurer paid. This may mean higher

insurance premium levels are being based on artificially higher claims costs than what actually happens.

We also worry about what happens in a dominant marketplace because it means insurers, not competent repair shops, are ordering repair parts now for your car—often not the parts recommended by the car company, and from vendors the shop doesn't know or are even close to the repair shop. When these parts are dropped to the shop by the insurer, the insurance company demands a 3% kickback from the parts company.

Insurers demand that parts be ordered based on a list of suppliers given to the repair shop. No longer can the repair shop deal with suppliers they built up a long-standing relationship with, but they must deal, instead, only with the supply firms that provide a kickback to the insurer. We've asked the Competition Bureau to have a look. We're worried that this is going to lead to higher injury costs in the future and that our shops might be responsible or deemed responsible.

All kickbacks should be prohibited. If identified—and currently the Insurance Act, regulation 7/00, on deceptive and unfair practices, should apply—enforcement action should take place. We worry that insurance companies in Ontario may no longer be concentrating on the insurance business but instead on parts procurement, the collection of fees and kickbacks. Why, to our never-ending frustration, do insurers issue cheques for thousands of dollars a day for massively inflated tow bills—we viewed a \$16,000 tow bill; a \$64,000 tow bill—for services clearly and identifiably not rendered—

The Chair (Mr. Bob Delaney): It's almost disappointing for me to inform you that you've only about a minute to go.

Mr. John Norris: Let me just do a few highlights and a summary, if that's fine, Mr. Chairman?

The Chair (Mr. Bob Delaney): Please.

Mr. John Norris: Why are insurance companies paying for collision repairs in the back of an oil-lube shop, to the point where the repair paid for those unlicensed, non-equipped open bays is so bad, the insurer must buy back the repaired vehicle and scrap it? We've seen cheques for \$12,000, \$48,000, \$65,000 to buy back vehicles that have been repaired so badly with insurance money at illegal and underground garages that no car can safely be driven; they're scrapped after being repaired. The easiest way to solve abuse, ladies and gentlemen, is don't pay for it.

The summary is that one option available—and it would be a rather surprising option, perhaps, that would have a huge impact immediately reducing insurance premiums—is to reduce the customers' insurance premiums by the amount the insurance company received in kickbacks on his repair. How's that for different?

The Chair (Mr. Bob Delaney): And on that note, I'm going to have to ask that the questioning begin with the government side. Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you very much, and thank you so much for coming in and presenting to us quite a bit of information there. Unfortunately, we weren't able to get through it all. Would you be able to

provide us with the written copy? You have them there. Perfect. Okay. We can read through that.

Now just with respect to some of the comments that you've made as well, because I remember some time ago—I'm going back a number of years now—there was quite an outcry in the industry with respect to preferred auto shops and insurance companies telling people, "No, you must go to this." I recall there was quite a consumer education awareness process that we went through. I'm going back probably about 15 years now with that. Is that coming back in terms of having the preferred auto shops or is it better than it was years ago?

Mr. John Norris: That's a very good question. It started in 1991 with the demand of Allstate Insurance for a 10% kickback on parts sold. Preferred programs are institutionalized across Ontario; they're not going to change. The intent of the preferred program was to protect the customer. So a customer who didn't know whether they were going to be treated fairly, honestly, legitimately with qualified people would have an idea of where to go. In itself, that's a valid representation. The insurance industry would then, using those types of standards of compliance, training and equipment, determine which shops could be on that list and be able to offer those to the customer.

What's happened, unfortunately, is that it has modified and now, because of the number of vehicles—if you recall, we didn't get a winter and our shops were wondering if they could even survive that. But we have so little cars coming in now and will in the next little while—for as long as we can see, certainly, we'll have less vehicles. What's happening is the insurance company wants to drop the number of facilities. So they dropped the number of facilities—one company will go from 400 preferred shops to 150.

Where the challenge shows up is when the insurance company—and there are some in Ontario that are very dominant that have bought up other insurance companies. Because of that they have now changed their dynamics. So you have insurers in Ontario who are saying, "We now have marketplace dominance," sometimes 40% or 45% of all policies written in this general area. "We're going to tell you, as a shop, what you're going to do. We're not interested in your quality of work. We're not interested in your competence or compliance. We just want the 10% off."

We have one shop the other day that got notified by an insurer they'd been with for 20 years that they were leaving tomorrow—30% of their business would disappear; he'd have 30% less business. It was going to a shop down the road that offered them a 5% cheaper price. That shop did not have a licensed tech or any equipment to fix the car, but they still got the work from the insurer.

So the demands by the insurer now are different. The insurer sets the rules and says to the shop, "You're going to do this or we will blacklist you. You will never get work from us unless you do these things."

Mrs. Teresa Piruzza: In terms of some of the elements or some of the issues that you brought forward

in your presentation as well, do you have recommendations in terms of how to enforce? Because I think in a number of those elements that you brought forward there is currently legislation to prevent it from happening. But how does one enforce that? Secondly to that as well, are those individual cases reported?

Mr. John Norris: All those are good issues. I can tell you that we have taken individual cases of quarter-million-dollar accident frauds to the insurance company. The insurance company has told us, "Don't bother us. We're not interested at looking at stuff at a quarter-million dollars. It's not within our threshold. We have other things to do."

Why on earth won't you take this? We've given you all the documentation showing this is a claims injury fraud—it was actually five accidents that were staged. The answer I got from the insurance company was, "Why would we bother if we can get 12.5% return from Ontario? Why would we bother looking at our claims issues and our fraud issues when FSCO will guarantee us a 12.5% return?"

The Chair (Mr. Bob Delaney): And on that note, I have to move the rotation. Mr. Yurek.

Mr. Jeff Yurek: Thank you. Thanks for coming in today. Just further to that question, have you ever taken the fraud cases to FSCO?

Mr. John Norris: We had groups take it to FSCO. In fact, those comments I made were to a government agency that took it to FSCO. We provided the data to them and they took it to them.

Mr. Jeff Yurek: And then what did FSCO say—

Mr. John Norris: Oh, to FSCO? I'm sorry, no. That was a government agency that took it to the insurers. The only time we've met with FSCO was in regard to setting up a standard for what should be the level of shop payment—in other words, only legitimate facilities should be getting paid, not backyard oil-lube shops underground. That's the only discussion we've had with them.

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Mr. Jeff Yurek: They've never offered to say, "Bring us your fraudulent claims. We can actually deal with it?"

Mr. John Norris: No. We've asked to help them with their current auto insurance fraud issues, and we haven't heard any comment back.

Mr. Jeff Yurek: Nothing on that. Do you know what per cent cost to the total claims cost in the insurance business right now is due to the fraud part of your collisions schemes?

Mr. John Norris: That's a difficult—and IBC has the same problem in determining a number. They use a number of \$2 billion and have for I think four years now on a consistent basis. So it's very difficult to say. It's certainly in excess of \$100,000 a day.

Mr. Jeff Yurek: And finally, is there anything else from your deputation that you didn't say that you'd like to add?

Mr. John Norris: We did have a process set up—in fact, we presented it to Queen's Park in 2001—to set standards for facilities. Those things can still work. I

think the real, simple, easy things right now—I'm just floored that insurance companies seem to have no qualms with just issuing a cheque for no reason whatsoever to a facility that doesn't exist.

Mr. Ted Chudleigh: If I might, a short question: The premiums in the personal automobile business are about \$10 billion a year. You suggested that they're using a number of \$2 billion a year; that's 20%. So 20% of the insurance business is fraud? Do you find that number acceptable—not acceptable; I'm sure you don't find it acceptable—but in the realm of reasonable? Is that something that you would think is reasonable? Is that how big this fraud in this industry is, 20% of \$10 billion?

Mr. John Norris: I think it's not unreasonable to suggest 20%. We used to think that only 15% of the people in Ontario drove without car insurance, and now we find out it's significantly higher than that.

I think we're looking at a significant fraud issue. I think all you need to do is go into heavy urban centres, have an accident and watch who shows up. That will tell you right away that there's so much money in this that the tow-chasers are there trying to get to your car; they'll fight. We just had one shot in Mississauga at an accident right in the middle of the intersection.

Mr. Ted Chudleigh: There was one shot in Milton about three years ago.

Mr. John Norris: It's a very aggressive, cash-rich business, and they're in it for the dollars. They're not in it for the consumer, they're not in it for the motorists; they are there to take as much money out of the insurance industry as they can.

Mr. Ted Chudleigh: Thanks for coming in.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much, Mr. Norris. You've shed a lot of light on an issue here.

I just want to ask you—I think a lot of times when we look at the fraud equation, a lot of the blame seems to be put on the citizens of Ontario or the people in the communities. From what you're recounting, and I think it's more to what the anti-fraud task force is saying, organized crime and these types of fraud rings are the true culprits. At the same time, what you've touched on, which I think is very important, is that the insurance companies themselves have a large part to play in this. In simply ignoring the situation that they can easily take some steps on their own, or by ignoring people approaching them with valid claims, the insurance companies themselves are also a part of the puzzle.

If you could just touch on that, what we could do to ensure that the insurance companies themselves who provide the resources, who are the source of the billions of dollars—how they can be monitored and there can be some oversight on the way they conduct their business.

Mr. John Norris: That's fair enough. There's a variety of answers to that. One is that you make sure that all the facilities that they pay to are in fact legitimate and meet legal compliance requirements in Ontario for equipment, people, taxes, environment. So you make sure that

you're not issuing a cheque to Joe's Oil Change. When the Ministry of Labour did a blitz inspection in Barrie, we found six collision shops that were in the back of oil and lube shops, all of which were closed. They actually had seizure orders by the ministry because they were so dramatically in health and safety violation. So there are ample opportunities for insurers to simply say, "We're not going to pay those people."

I will tell you that the easiest way to stop fraud is simply don't pay it. As soon as you stop issuing that cheque to an illegitimate facility, as soon as you stop issuing that \$2,000 commission cheque from the treatment centre, as soon as you stop issuing the kickback that either an insurer is getting or the tower is getting for selling that car, then you start to have an impact in the marketplace. You can do that through the Insurance Act, through deceptive practices; you can do that through towing regulations with municipalities; you can do it with police licensing programs with tow trucks; you can do it through audit programs where you have to identify where those monies are coming from. There are a variety of ways to do it.

From the insurance side, I'm not convinced that insurance companies—and I'm sure someone is going to write me up in the media—are serious about the fraud issues. I'm convinced that they're serious about getting their 12.5% return, but I'm not convinced that they're serious on fighting the fraud issues—because they're going to get paid for this one way or another. They're going to get their money back without having to investigate those fraud issues.

Mr. Jagmeet Singh: So what you're saying is that in large part, insurance companies themselves are turning a blind eye to this when they should be playing an active role in preventing a lot of the waste that's going on.

Mr. John Norris: They're turning a blind eye to this. I see this every day and I wonder why no one complains about this. I'm probably the first coming to you and saying, "This is so bizarre."

Mr. Jagmeet Singh: My colleague has a quick question.

The Chair (Mr. Bob Delaney): Mr. Norris, I am so sorry. I have to pull the plug on this one. On behalf of all of the members here, I'd like to thank you for having come in today and delivering what I guess I could describe, in an understated fashion, as a breathtaking presentation. We greatly appreciate your time and the insight that you have provided. Thank you again.

Mr. John Norris: Thank you, members of the committee.

MR. EDWARD ROMANIUK

The Chair (Mr. Bob Delaney): Our next deputant is Edward Romaniuk. Take a seat; anywhere is fine. Make yourself comfortable.

Mr. Edward Romaniuk: Ladies and gentlemen—

The Chair (Mr. Bob Delaney): Just before you start, you'll have 15 minutes to make your remarks, followed

by up to 10 minutes of questioning. This rotation will begin with the official opposition. Please begin by introducing yourself for Hansard and then proceed.

Mr. Edward Romaniuk: My name is Edward Romaniuk, R-O-M-A-N-I-U-K, just to correct the agenda spelling of my surname, which has a double N, incorrectly.

I'm appearing here as an individual, a private citizen, if you will. I'm going to give an introduction, basically, of myself, first of all, and my recent experience with insurers. I'm going to follow that with more detail, and then a set of recommendations. Finally, I have one big question to present to one of the industry associations, which I will come to right at the very end.

First of all, I'm a retired professional engineer, and a general management consultant as well. I've been driving continuously since I was 16 years of age and have had no claims; I have a perfect driving record, eight-star rating. I've been with the current insurance company for over 10 years. Recently I received a premium notice, and my insurance rate had gone up by 14.5%, which kind of staggered me.

Just to make sure and for the record to show that I'm accurate in what I'm saying, or at least make sure that it's been recorded correctly, I'll read a little bit of a prepared statement that I have. I'll leave a copy with the Hansard clerk there.

There was no good, substantial justification for this increase, given the inflation rate in Canada being in the order of 2%. To base premium calculations partly on the postal code residence of the insured is completely without merit, and instead should be strictly based on claims history and driving record.

An example—

Interjection.

Mr. Edward Romaniuk: Sorry. Is that better? Can you all hear me okay? It's probably too loud.

An example: One year ago—July 4, 2011—at 10 a.m., I was patiently waiting at a red light for the light to change. The weather was clear; no precipitation; light traffic in a quiet residential area of Etobicoke. My vehicle was struck from behind by the car behind me, which in turn had been also struck from behind and so on. Four cars were involved in this chain collision.

I, being in the lead car, quite probably would have settled for a small cash settlement with the driver if it were a one-on-one collision since the extent of the damage on my vehicle I considered to be minimal. But since three other cars were involved, it was considered prudent to allow the insurance industry to handle the incident, particularly since a police report was issued.

The police report indicated that the tail-end driver who caused the entire chain of events was charged with "following too close." I was subpoenaed as a court witness for the prosecution exactly one year later, namely July 4, 2012. The defendant pleaded guilty to a lesser charge and my presence in court was, in fact, unnecessary according to the reporting officer from 22 Division. Nonetheless, I appeared in court, much to my own

inconvenience and unnecessary expense, and was not required to say or do anything in court.

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The defendant received a slap on the wrist and quite possibly received demerit points, or certainly fewer demerit points than he would likely have received otherwise. Since I was not at fault in any way whatsoever, my rate was unaffected by the claim I made. I was told by the collision repair company—which incidentally appeared suddenly on the scene without my calling anybody; he was there, Johnny-on-the-spot—that because I was driving an older vehicle, a 1993 Buick with only 80,000 kilometres on the odometer, it would likely be impossible to properly colour match and obtain identical parts for the repair job. Repair was not a good option, I was advised.

In addition, if a repair was to be performed, I would also have to have another emission test and recertification of the car's roadworthiness, all of which combined to make the recommendation to take a cash settlement and buy another car with the proceeds as the best option. This was done. Believing this was the only sensible course of action to take, I opted for a \$1,200 settlement and I bought a car for about the same amount of the cash outlay. This was my mistake, but I was under some time pressure to make a decision quickly.

The car I bought had 275,000 kilometres on the odometer, and appeared to be in reasonable condition and was certified roadworthy. A short time later, within two weeks of the purchase, I faced two major repair jobs which cost me in total well over another \$1,200, much to my personal dismay, and I still had an older car, namely a 2003 Mazda.

Under insurance surprises: I also learned that, having obtained another vehicle, the comprehensive insurance coverage that I had on my previous car would no longer apply under the grandfather clause which provided for only a \$ 50 deductible. As you well know, the current deductibles on comprehensive are in the order of \$300 to \$500, but since I was grandfathered in on the previous car, I assumed that this would be a carry-over onto the next car. I was told this would not happen, and therefore I cancelled the comprehensive insurance simply because it wasn't worth it given the value of the car, which is far, far less than what the deductible would probably even be. Certainly, I was willing to take the risk. The likelihood of my car being stolen was probably quite minimal and would not justify the comprehensive fee premium and the deductible.

Through no fault of my own, I was now deprived of a favourable comprehensive coverage because it was now a different car. I would have been better off to repair the first car, or at least taking a cash settlement and performing a minimal amount of repair and continuing to drive the old car, but that option was no longer available to me.

To further add insult to my experience, after closely scrutinizing my recent premium notice/policy agreement, I noted there was a 3% surcharge if one paid the insurance on a monthly basis instead of one lump sum annual

payment. This was introduced, without my being made aware of it except in the fine print of the policy, some four years earlier. This practice I considered to be a sneaky way of introducing an escalation of cost without making it obvious to the policyholder, since for the previous six years or so there was no surcharge for monthly payments versus lump-sum annual payment.

Auto valuation: It would seem to me that the insurance premium should bear some relationship to the value of the car. For example, a \$200,000 Ferrari would not carry an insurance premium of \$200,000, and yet my car, a 2003 Mazda valued at much less than \$1,200, has a premium of \$1,136 with no comprehensive and no collision coverage, and having only the minimum of PL and PD coverage of \$1 million. This incongruity seems grossly unfair given the way the insurance industry establishes the formula for premium increases and given that home insurance and property taxes are based on market valuations. In like manner, insurance premiums should be priced similarly.

Insurance Bureau of Canada: While the bureau makes a show of its commitments to lowering insurance premiums, I personally have seen little or no evidence of any significant improvement of coverage or reduction in premium costs, despite the public relations attempt, as evidenced by the bureau's "Open Letter to Ontario Drivers" in yesterday's issue of the *Toronto Star*. I understand it also appeared in a number of other local newspapers. This lobby group seems to be very successful in appearing to be greatly concerned with "exorbitant legal fees," to use their words, for profit medical treatments, fraud etc. Scant attention seems to have been paid to improprieties in the collision-repair industry—and I certainly agree with everything that Mr. Norris said earlier—and real attention to fraud in its variety of forms.

User pay: A more equitable formula for premium establishment would be for all moving violations, infractions, fines and the like normally paid to the provincial Attorney General's coffers—such payments should be made directly into a pool fund to keep insurance premiums at a lower level for the safe, no-points, no-claims driver. All costs, including court fees, should go to this fund. For example, toll Highway 407 late or non-payments are enforced by the Ministry of Transportation by withholding drivers' licences, yet the revenue derived from this enforcement—that is to say, the toll charges—goes directly to a private company, the owner of Highway 407. In other words, the government is enforcing the rules, but the 407 owners are receiving the benefit.

My recommendations:

(1) Sharply increase the rates for poor drivers with poor claims history.

(2) Reduce premiums significantly for claims-free drivers.

(3) Do not allow plea bargains to be entered into to obtain convictions to lesser charges, thus reducing points records of such drivers.

(4) Apply all fines for—this is repetition—infractions to a pool of the insurance industry to reduce fees for those deserving because of a zero-claims history.

(5) Abandon the practice of determining premiums based on postal codes.

(6) Correlate the premiums to the valuation of vehicles. As I mentioned earlier, where a car is valued at \$800, the premium should not be \$1,200. Conversely, a \$200,000 auto should not carry a premium of \$200,000 or more. Of course, we know that that does not happen, at least for the higher-value car—a Ferrari, for example.

(7) Increase competition between insurance companies, even though my premium is lower than other quotes I received. There appears to be an element of collusion, much like the setting of gasoline pump prices.

(8) Reward good drivers and severely penalize poor drivers—harshly! And I say that with exclamation marks.

(9) Locate all offenders who are driving while licences are under suspension or driving while uninsured. The number of such people driving under suspension—we don't know, really, and it's only on a random basis that we discover these particular people doing so. For example, the driver who struck my car, as described above—fortunately, the police were called, and I learned that his driver's licence was under suspension. Otherwise, if it had been done privately, I wouldn't have known.

(10) Tighten quality standard pricing policies of body repair shops where they are known to charge excessively if the claim is going through an insurance company as compared to a private, billable transaction. Body shops notoriously ask, prior to the work being performed, "Is this repair going through insurance or privately?" If privately, the price is always lower.

(11) Consider legislation for mandatory coverage through provincial mandate, as in BC and Manitoba, where rates, I understand, are considerably lower.

(12) Establish an insurance industry ombudsman or an oversight body with real teeth to enforce rules and severely punish those individuals guilty of bad and/or illegal practices of staged accidents—which has been discussed earlier—wherein perpetrators are awarded large settlement amounts for bogus injury claims, repair of damage, work interruption etc.

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The advertisement in the newspaper, by the way, as you all are well aware—the Insurance Bureau of Canada makes a very loud noise in terms of what they are doing in this regard, yet I don't see too much real action.

The Chair (Mr. Bob Delaney): Just to remind you, you've got about a minute and a half.

Mr. Edward Romaniuk: Okay. I'm just about finished.

(13) This usually involves collusion between body shops, tow truck operators, unethical medical practitioners—few in number—and fake victims, injuries etc. My insurance company already has an ombudsman and ensures fair treatment. This position title should be in general use by all insurance companies.

(14) Hold the Insurance Bureau of Canada strictly to account by demonstrating how they have been effective in reducing premiums for good drivers and truly punishing bad drivers. Further, government should pool revenues derived from fines, levies etc. towards the lowering of insurance premiums, which is the emphasis of what I said earlier.

The last question I have—and I've learned this just this morning from a friend in the gym where I work out. She has a sister in Montreal. She drives a 2012 Audi, a \$60,000 car. Her premium for full coverage is \$500, which is less than half of what mine is. I say, are Montreal drivers better drivers than there are in Toronto? I hardly think so. There is some reason for this, and I don't know what it is, and I think the committee should take some investigative action to determine what and why this is occurring.

I'd be pleased to answer any questions.

The Chair (Mr. Bob Delaney): Thank you, Mr. Romanuk.

Mr. Edward Romaniuk: Romaniuk.

The Chair (Mr. Bob Delaney): Romaniuk. Our rotation will begin with Mr. Arnott—and I got my licence in Montreal; I'm on the same page you are.

Mr. Edward Romaniuk: Good.

Mr. Ted Arnott: Mr. Romaniuk, thank you for coming in today and offering this committee your experience: your years of driving and the experience you've had with insurance companies. Your thoughtful recommendations—I don't recall anybody else coming in with this many. I was trying to keep notes as I went along. Obviously, the record of what you said will be available to all of us through Hansard.

Mr. Edward Romaniuk: I have a statement here.

Mr. Ted Arnott: If you have it, that's helpful too.

In your first recommendation, you said increase the rates for poor drivers and reduce rates for better drivers. Later on, you said that insurance companies should correlate the premiums with a greater relationship to the value of the vehicle, and that there needs to be an ombudsman for each company—or I guess an ombudsman for the whole province. I think if the insurance industry were here, they would argue that they're doing some of this already, but obviously, your perspective is it's not going far enough, not even close.

Mr. Edward Romaniuk: That's right.

Mr. Ted Arnott: Many of the insurance companies do have their individual ombudsmen, though. Is that not the case?

Mr. Edward Romaniuk: Well, I don't know about other insurance companies because I didn't contact them with regard to whether they have or have not an ombudsman, but my insurance company did, and I had a great deal of time on the telephone with them—they were in another province, by the way—and they were helpful, but they couldn't do anything with respect to justification with regard to the 14.5% increase of the premium. I spent a considerable amount of time with the agent who was

handling all of this, and there's nothing. I have no other way of reducing the premium.

Mr. Ted Arnott: Would it be appropriate for me to ask if your agent is a broker dealing with a number of companies or representing just the one company?

Mr. Edward Romaniuk: I went on insurance-hotline.com—which, by the way, you may or may not know, and even a lot of the people in the industry do not know this. Insurancehotline.com is run by a lady called Lee Romanov, and the only reason I remembered it is because her surname has the first two syllables of my name. I wondered, “Why is it and how is it that they can run a full-page ad in the Toronto Star?” I found out through a little bit of research that the Toronto Star has a majority interest in the company.

Yes, I did go through insurancehotline.com and, yes, I did find quotes, but the lowest quote I found was probably \$25 lower than my present quote. I feel satisfied that my company—and I've been with them for over 10 years—is probably the lowest, but that doesn't mean that it's the best, what it should be, given the situation and so forth. I mean, where's the 14.5% coming from?

Mr. Ted Arnott: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much for your deputation. You have, as my colleague indicated, provided a lot of thoughtful suggestions and recommendations, and I appreciate that. Thank you for your time.

You indicated in your list of concerns to increase the premiums for poor drivers sharply and harshly, and you also suggested removing the postal code discrimination or that type of practice. Can you talk about those two pieces and why you thought to add those specifically?

Mr. Edward Romaniuk: Well, I feel, most importantly, that the driving record is how a person should be judged, rather than where he lives. For example, I know of a fellow, who has since passed on for other reasons—nothing to do with insurance or cars. For some reason or other, don't ask me how—he's with the same insurance company that I'm with, and yet, somehow, he was referred to as having an address in, or at least rated as living in, Orillia, and therefore his insurance premium was far less than mine. Yet he lives at St. Clair and Yonge. I thought, “Well, good luck on you. I won't report this to the insurance company,” because I felt that it's not my business to—I mean, he wasn't cheating, but somehow or other—maybe it was a mistake in their paperwork; I don't know—but they told me that he was covered under an Orillia location.

But to base it on postal code, with the mobility of people in their cars, you could live in a low-rated postal code area and create accidents and havoc in another area. It makes no sense at all. If you live in Churchill, Manitoba, or some place, I suppose the accident frequency is probably quite low, since there are probably few roads and vehicles—I'm from Manitoba originally—but making it by way of postal code makes no sense to me whatsoever.

Mr. Jagmeet Singh: In terms of policy, moving forward, where it comes to insurance companies and the way they conduct themselves, what part do you think insurance companies should play in terms of bringing down premiums, addressing some of the fraud concerns that you brought up, particularly when it comes to the excessive costs of collisions and other things of that nature?

Mr. Edward Romaniuk: I think the insurance company, through the Insurance Bureau of Canada or some other government association of some sort, should provide an audited and detailed financial statement comparatively—I don't know whether it would only be available for publicly listed companies or all companies, but there should be some way of comparing their financial record against others, and what the premium history is and why they all seem to be congregated in a very narrow band as being the same premium, and yet I'm sure they're not having all the same claims history, the same profit history and the same personnel efficiencies, shall we say.

The Chair (Mr. Bob Delaney): Thank you. Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Mr. Romaniuk—

Mr. Edward Romaniuk: Romaniuk.

Mrs. Amrit Mangat: Thank you for your presentation. You have expressed a list of concerns; you spoke about postal codes as one of them. Do you think postal codes are the only factor for the higher insurance rates?

Mr. Edward Romaniuk: No, of course not.

Mrs. Amrit Mangat: No. What are the other factors?

Mr. Edward Romaniuk: It would be the driving record, the number of points a person has and so forth. But I think that the penalty for having a poor driving record should be the most important of all because they are the causative factor in all of this, and they should be made to pay dearly—far more dearly—than they do. After three years or five years or whatever it is, your record is dismissed, written off. I think it should be a lot longer and the infraction should carry heavy fines, and those fines should go into a pool to support the insurance industry and good drivers.

Mrs. Amrit Mangat: Okay. You spoke about fraud as well in your presentation—fraud?

Mr. Edward Romaniuk: Yes.

Mrs. Amrit Mangat: Yes. How can we eliminate fraud? What do you think?

Mr. Edward Romaniuk: I think I would ask the people in Montreal about that question, because they don't seem to have the same problem—or maybe they do, but how are they justifying the lower—this is not the only case that I learned of today of the lower premium.

How to determine fraud? I think Mr. Norris probably has more definitive ideas on this. I'm not familiar enough with the process involved, but I have read in the paper, the Toronto Star, about the staged accidents. Every once in a while, they'll stage an accident and the supposed victim in fact does get hurt, and deservedly so. There should be some independent witnesses somehow, either video or whatever.

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But as to how to determine fraud, I think it's probably fairly easy at the collision reporting level to determine fraud. As Mr. Norris said, some of his people are very good at identifying what is a staged type of an accident and what is a real accident, and similarly whiplash.

In fact, one of the questions asked of me—because I was sitting stationary at the red light, waiting, when I got hit. The first question I was asked—and I'm not sure who asked me this question, but maybe it was the police—was: "Do you have any whiplash, any pain?" I said, "No, not at all." In fact, it was not even a mosquito bite.

Mrs. Amrit Mangat: Do you think that—

The Chair (Mr. Bob Delaney): Mr. Romaniuk, thank you very much for having offered your thoughts and feelings here today.

MR. HARJIT JASWAL

The Chair (Mr. Bob Delaney): Our next presentation will be from Harjit Jaswal. Mr. Jaswal, just take a seat anywhere.

Interjection.

The Chair (Mr. Bob Delaney): That would be fine. Good afternoon. Sat sri akal je.

Mr. Harjit Jaswal: Good afternoon, everybody.

The Chair (Mr. Bob Delaney): You'll have 15 minutes to make your presentation to the committee, followed by up to 10 minutes of questioning. This round of questioning will begin with the New Democrats. Please begin by stating your name for Hansard, and proceed.

Mr. Harjit Jaswal: My name is Harjit Jaswal and I'm a realtor in Brampton. I've lived for a long time in this area, I work in this area and I surely know the insurance problems of the area too.

First of all, I thank all of you for giving me the opportunity to speak to you regarding the insurance concerns I have. I wanted to give a presentation, but I didn't know I had to bring my own laptop, so I will do it just with paper.

As we all know, insurance companies are a for-profit business, on the side that it is a service industry too.

Over the past few years, we have seen that auto insurance costs have gone really, really up and the premiums have gone up too. Insurance premiums, if you see the graph I gave to you all—I hope everybody has that—we see that they have an upward trend. Since 1985 until 2010, the trend is upward. This graph is inflation-adjusted, so inflation is not playing any part in there, but when we see this graph closely, we see the cyclic pattern in between the reforms. Whenever there was reform of the insurance premiums there was a dip, but after a few years they came back again. That tells us very clearly that major reforms are stop-gap solutions. They don't offer any permanent solution.

When we see the next graph, we see that the accident benefit costs, which go to the insurance, have gone very much higher. With the increases, the premiums are going

up too. That case is very much true for Toronto. It is a very large portion of that that goes in the GTA area.

If we see the other graph, we see that expected GTA costs, based on private health care expenditures, was 22%—I took these graphs from the anti-fraud task force interim report, with which you might be all very familiar—but the accident benefit costs grew 185%, which is \$1.7 billion more than the expected one, and all GTA drivers are paying \$700 per vehicle just to cover that cost because insurance companies are not going to pay from their pocket, and they pass it on to us.

If we see the auditor's report, we know that accident benefit claims frequency has increased while injuries have decreased, so that tells us that there is fraudulent activity going on. Accident benefits is the only area where the insurance company is losing. I have seen the data from the general insurance statistical agency, which shows that in all areas, insurance is making money. There is only one area where insurance is losing money, and that is the accident benefit claims.

Severe injuries from collisions decreased, while the claim severity increased. That again shows us that there is some kind of activity going on.

The backlog of disputes requiring mediators has grown at an alarming rate. In November 2008, wait time was only 3.3 months, and now it is 9.6 months.

Drivers, in the GTA particularly and in the whole of Ontario, feel that they are at the mercy of insurance companies because insurance is mandatory. Drivers have the perception that the regulators are not doing enough of what should be done.

I want to bring a few scenarios in front of you where you will see how the insurance problems occur. Scenario one is uninsured drivers. They can make the claim, or they are making the claims. The driver goes to the insurance broker, asks for the insurance. The insurance broker gives him a one-month slip. That is never reported to the insurance. After one month, they tear up the slip. They get a new slip. They can keep on doing it month after month, not reporting or paying anything to the insurance company, and just bribing the insurance broker, until they are involved in an accident. Normal people who are paying the insurance are paying for that fraud.

Suggestion: Temporary insurance slips should be stopped. Insurance companies should be giving the temporary insurance slips, not the insurance brokers, and only when they get the payment.

I would like to bring another scenario. Whenever there is an accident, a tow truck driver comes to you and says, "Oh, you will not have to pay this deductible. I will take you to a body shop where you will not have to pay the deductible." Now, insurance companies who are trying to stop the fraud are bothering normal drivers too much. Fraudsters get away with those laws or complexities of the policy, but the normal drivers who are involved in an accident get caught and they are denied the claim. Drivers want to see what works, because they know that they have been paying high insurance, so they go with that route, going with the tow truck. Many of them do

that, and when they go to the body shop, either the body shop works with the appraiser or they do more damage to the vehicle so that the claim can be enlarged. The insurance company ends up paying thousands more in damages just because the driver is trying to save \$500 or \$1,000 of deductible.

I have a suggestion for that. At the collision centres, all the staff are paid by insurance companies. They can have some appraisers over there who can appraise the vehicle right there, and insurance companies can pay. That way, the additional storage charges and car rental charges for the additional days until the appraiser is coming can be saved, and it can be done right at the collision centre. That will save a lot of money for the insurance companies.

The government should consider creating an equivalent to the Better Business Bureau for auto body shops in which complaint submissions are just by the insurance companies if they have any proof against a body shop, not just by saying that they want to deny. If they have any proof, they can just report over there. The insurance companies should have some kind of right to deny any claim if people want to go to those shops which are crooked or are doing fraud.

Insurance companies should consider some incentives to mitigate this problem. They can start some kind of discount if a person commits that they will go to their recommended body shop. In the case of accident, they can offer some kind of discounts in the beginning of the writing of the policy, or they can offer a discount by lowering the deductible at that time if the claimant goes to the body shop which is recommended by the insurance company.

1350

There is another scenario where accident benefit claims for minor collisions occur. A person involved in a minor collision with either no or minimal injuries submits a large claim indicating that they are severely injured. Costs of the physiotherapy and any medical aids are covered by the insurance company because it is mandatory for the insurance to cover them. These types of claims often lead to disputes. Because there are no injuries and there are big claims, they lead to disputes. There are so many cases like this that the time to appoint the mediator has gone up and more and more time delays are there that cost insurance more because a claimant uses their time for advantage to prolong the physiotherapy or something—they want to keep the thing alive until they have gone in front of the mediator.

I would like to see that insurance companies should have the right to request a second opinion from a different doctor at any point during the claim. If there is a big discrepancy, corrective action should be taken.

Cost of the medical aids is another thing. Cost of medical aids should be limited to their retail value. If somebody is paying cash, it is different, and if an insurance company is paying, it is very much different.

FSCO should work to clear the backlog of disputes requiring a mediator to reduce the settlement times. They should work quicker.

Injuries—this is the most important, I feel. Injuries can be broken into two categories—minor injuries and major injuries—and mandatory insurance should be only for the major injuries. Minor injuries can be taken off the mandatory list and put as an optional endorsement. The pool for the premium for minor injuries can be separate, and whosoever wants to take the minor injury claims, they are most welcome to take them and pay for that premium. Everybody in Ontario should not be suffering because some people want to go eight months because they have muscle pain. However, these minor injuries can be big for some people. Minor injuries can be small for a young person; they can be too much for little kids or an elderly person. Doctors' assessments should be used to determine which should fall under minor and which should fall under major.

I have another scenario. There is definitely fraud going on against insurance, but insurance is not doing all well either. They are denying legitimate claims because their policies are so complex and a person who is telling the truth gets caught in there, because most of the insurance companies' money is going to fraudsters and they try to recover it by denying legitimate claims.

I will bring this personal case which I personally know. A driver was going on a highway. He did not have collision coverage; he had only third party. He was hit on the windshield by a big piece of rubber which came from the tire of a truck. The vehicle was going on the 400 series, so both the vehicles were in high speed. Once that windshield is broken, the driver cannot see anything, and the car spun. It spun and hit another car, then bounced back, hit the median wall, bounced back again, hit another truck, and then bounced back to the median wall again, and it was totally damaged. Luckily, the driver of the car did not get hurt. The truck driver did not stop because he did not realize that something was happening behind.

There were multiple witnesses over there. The police were called on the scene. The insurance company denied that claim to repair that car for an insured motorist, using the technicalities of the policy that the driver did not provide the licence plate number of the other vehicle.

The Chair (Mr. Bob Delaney): Mr. Jaswal, you have about two minutes to go.

Mr. Harjit Jaswal: Okay, thank you.

I say that insurance companies should treat their clients fairly.

In conclusion, I would say that insurance is a service industry but ordinary people aren't always getting the benefit of the service, despite paying higher rates. People currently feel intimidated by the complexity of their policies and the attitude of the insurance companies, resulting in legal disputes. The problem is on both sides and has led us to a downward spiral.

It started off with a small group of people who committed insurance fraud, costing insurance companies

heavily. Insurance companies raised rates to cover the cost and became very cautious to stop the fraud, and the general population, with genuine claims, were not always treated fairly because they got caught in this stopping the fraud thing.

Major reforms have helped in the past, but they are temporary fixes. Ideally, government should monitor the situation on an ongoing basis and introduce changes. Government should work in parallel with the insurance companies to come to a happy medium.

Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Thank you very much. In your deputation you took a very balanced approach and looked at all the different players, the insurance companies as well as people who bring claims that don't have merit to them, claims that aren't worthy. You've looked at all the different components and I appreciate that and thank you for giving a thoughtful recommendation.

I wanted to ask your opinion on this. If we look at the overall claims costs—and that's essentially the largest component of what an insurance company pays out: the actual cost of each claim. If the claims costs drop significantly—and there's some evidence now that because of the 2010 reforms, we're seeing that there have been significant drops in how much it costs an insurance company on a year-by-year basis. So far, the data is showing that the costs have come down well over 50%. If the cost of insurance is going to decrease so much, the cost in terms of what insurance companies are paying out, as a citizen here in Ontario, what do you feel should happen with premiums?

Mr. Harjit Jaswal: I think the FSCO should interfere over there. When insurance companies go to the FSCO for the increase, then FSCO should monitor that too; the costs have gone down, the premiums should be coming down.

Mr. Jagmeet Singh: That's fair. In terms of the picture, what do you think insurance companies should be doing in terms of their role in helping to bring down insurance costs or premium costs?

Mr. Harjit Jaswal: I think insurance companies have an advantage. Insurance is mandatory for drivers. They are using that portion for their advantage because they are not actively playing the role which they should be playing to stop the fraud. Insurance companies should be working with the people, they should be working with the government to stop fraud.

At the same time, they should be generous to the general public. When somebody is involved, they should not be using all those technicalities to deny the claim.

Mr. Jagmeet Singh: My colleague has a question for you.

Ms. Teresa J. Armstrong: Hi. Thank you very much for your presentation.

I just want to kind of wrap up with you—your conclusion about how you're saying insurance is a service, that even though it's mandatory it's still a service, and

that ordinary people aren't always getting the benefit of that service, despite paying higher rates.

You talk about people feeling intimidated by the complexity of their policies. Is there a way that you think that could be helped? I certainly wouldn't want people to feel, when they're buying something that's mandatory, that they're not understanding or getting the service that they are expecting. How would you think that could help—the communication between that and the broker or the insurance industry?

Mr. Harjit Jaswal: What insurance companies are doing is they are trying to stop the fraud, because they have big law companies, and they are making things harder and harder to prove that it was a genuine claim. On the other hand, a normal person will not read the whole policy when they are getting their insurance. Then when the accident happens, they know that anything they say, anything they talk to the insurance company, is not going to help to solve their insurance case; they are going to have to get the insurance out of this thing, and they deny the claim. That's why they want the mediators. They want it disputed so that they know that—whatever is working, they want to do that.

1400

Ms. Teresa J. Armstrong: So would it be fair to say that, ultimately, people who buy insurance feel they have to fight for things that they're paying for under the policy, as opposed to it being delivered to them so that when they're in a time of need, they can be helped through their claim?

Mr. Harjit Jaswal: They can definitely fight, but making the whole thing a fight is going to cost more and more, because it is going to be a lengthy procedure, it is going to cost more, and at the end of the day, it is going to cost more to the driver, so premiums are going to go high.

They should try to make it simpler and a way that ordinary people should not be intimidated.

The Chair (Mr. Bob Delaney): Thank you.

Mr. Harjit Jaswal: You're welcome.

The Chair (Mr. Bob Delaney): Ms. Mangat.

Mrs. Amrit Mangat: Thank you, Mr. Jaswal, for your presentation. In your presentation, if I look at it, you spoke about different scenarios, scenario 1 to 4. All those scenarios, they reflect about fraud. Some kind of fraud is going on. Do you think that by eliminating fraud, we would be able to lower the premiums?

Mr. Harjit Jaswal: Definitely, definitely. As I say, it might not readjust without the interference of the government. We might have to have government interference, where they can put some more controls that the insurance premium—because the insurance industry is controlled by the financial services commission. The financial services commission can check from time to time what it is costing them, so they can definitely interfere—or they can be mandated like this so that they can interfere. These kinds of reforms can be done.

Mrs. Amrit Mangat: Do you think dedicated fraud units would help in lowering fraud—a dedicated fraud unit would help in eliminating fraud?

Mr. Harjit Jaswal: Dedicated fraud units might, they might not, depending on how seriously they are working on it. But fraud—people should be aware about that, too. The insurance companies should have seminars with people. They should make the people know that when you save \$500 in deductibles, you are paying a lot more in premiums. They should come out to educate the people. They should support the people. There should be a little better bond between the seller of the policy and the user of the policy.

Mrs. Amrit Mangat: Do you think that would be a permanent solution to lower premiums?

Mr. Harjit Jaswal: That should be.

Mrs. Amrit Mangat: Thank you.

Mr. Harjit Jaswal: You're welcome.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Thank you for coming in today. It's great. You sound like you've done your homework. I've got a few questions for you.

It's interesting how you kind of put the fraud cycle into this, where people commit fraud and the insurance companies are losing money, so therefore they get a rate increase; then they increase their rates and then fraud occurs more. They go back to FSCO to increase rates.

Mr. Harjit Jaswal: Yes, it is a cycle.

Mr. Jeff Yurek: A lot has been said about the insurance companies dealing with fraud, and I have no problem with that dealing with fraud. But where do you see the government, as the regulator of the whole industry, fitting in in how they should be dealing with the fraud issue?

Mr. Harjit Jaswal: Regulators can make stricter laws, and as soon as the fraud goes down, regulators should make sure that the insurance goes down. If people have this kind of insurance from the regulators, that is going to work for their benefit, it might be that people will do better.

Mr. Jeff Yurek: Right. And the next point: You talked about the complexity of the insurance, the fine print that you read. I'm much like you: I don't think I've ever read past "sign here," and I really have no idea what I'm signing for. Now that I'm on Hansard as saying so, my insurance company is probably going to do something to me.

I find that more red tape, regulation and bureaucracy that grows from the industry tend to add to those fine-print pages, and that might in itself be its problem. You

didn't touch on it here, but with premium rates going down—we learned yesterday in committee that FSCO could take up to a year to actually approve a rate decrease for insurance companies. I don't know if you've got much information about regulations or red tape that you wanted to speak upon at all.

Mr. Harjit Jaswal: Not about the red tape. I didn't go into that detail. But I did inquire quite a bit about the insurance, and I checked the letter—how it is working.

Mr. Jeff Yurek: Okay. My third question, since you've done a lot of research—and this is a way-out-there question I like to throw in, every now and then: What are your thoughts on no-fault insurance as the way Ontario is run now as compared to the tort-run system?

Mr. Harjit Jaswal: As for no-fault insurance, I think that minor injuries should be taken out of that, because minor injuries is the one which is—because we don't want our citizens to be sitting in the hospital all summer with pain and not treating them. We don't want that. That's what the insurance is for. But with the minor injuries like having muscle pain, somebody driving the car, or they are involved in the accident—if there are minor injuries which are simple muscle pain or something for a few days, it shouldn't be—it goes for years or months just to raise the claim, not because there is actual pain for that long time. We know that, all of us. Otherwise, this graph shows that private health expenditure has not gone up in the whole of Ontario; it is just the accident benefit claims which have gone up.

Mr. Jeff Yurek: Thank you very much.

The Chair (Mr. Bob Delaney): Mr. Jaswal, shukriya ji. I think we very much appreciate you coming in to share your thoughts and feelings with us today.

I'm not sure our next deputant has arrived. Is William Axworthy in the room?

The committee will take a short recess. Nobody go too far away.

The committee recessed from 1407 to 1422.

The Chair (Mr. Bob Delaney): The committee will briefly come back to order. It being the agreed-upon time of 2:22, with the absence of the final deputant, we are adjourned until 9 a.m. tomorrow in Windsor.

For those of you travelling with the committee, we are going to be leaving the hotel in about half an hour to take the coach bus to the airport. Jagmeet, make sure you check with the clerk, and make sure you know where you're bringing the car; we don't want to be leaving without you.

Okay. We're adjourned.

The committee adjourned at 1422.

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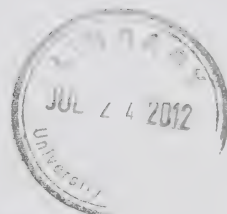
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Standing Committee on Finance and Economic Affairs

Automobile insurance review

Comité permanent des finances et des affaires économiques

Examen de l'assurance-
automobile



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STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Wednesday 11 July 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mercredi 11 juillet 2012

The committee met at 0900 in the Hilton Windsor, Windsor.

AUTOMOBILE INSURANCE REVIEW

The Chair (Mr. Bob Delaney): Good morning, everybody. We are here to resume our study of the auto insurance industry, pursuant to the order of the House dated May 31, 2012.

ONTARIO TRIAL LAWYERS ASSOCIATION

The Chair (Mr. Bob Delaney): Our first deputation this morning is the Ontario Trial Lawyers Association: Andrew Murray. Good morning. Make yourself comfortable. You'll have up to 20 minutes to make this presentation, followed by up to 10 minutes of questioning divided among the three parties represented. The first round of questioning will begin with the official opposition. Please introduce yourself for Hansard and commence.

Mr. Andrew Murray: My name is Andrew Murray. I'm the president of the Ontario Trial Lawyers Association. I'm very pleased to be here on a second occasion, because I did appear at the end of May as well. I'm not going to repeat what I had said previously, but I have some additional comments, particularly in light of the release of the superintendent's report, which is new since my last appearance before this committee.

I also want to begin with something that you would not have heard about, because it was only some information that my organization was able to collect through a freedom-of-information request. I'm hopeful that on the issue of catastrophic impairment changes, which is certainly an issue of interest and concern for my organization, the perspective that I have to offer from my review and summary of the freedom-of-information data will be helpful to this group.

We had the expert panel's report released, and clearly, having reviewed the superintendent's report, with recommendations to Minister Duncan, it forms the backbone of what the superintendent is saying should be done going forward. We've heard from the superintendent and from Minister Duncan, as well, the comment that it's all about science and getting the medical science right. When you take a look at the minutes from the expert panel group and some of their weekly commentary, which is not information that was ever disclosed publicly—it forms the

background, essentially, to what has become the written report—it's clear that it's much more vague than how it has been presented in terms of this being a consensus viewpoint, certainly in terms of this all just being about the science.

Certainly, in their early discussions, there were suggestions by the expert panel members that the definition of catastrophic impairment should be expanded, and that's a theme that I repeated last day without knowing that they had said this. Further, almost all of the panel members made comments, initially, indicating support for the notion of combining mental and physical impairments together when looking at the whole-person impairment. That ultimately did not form part of the recommendations, but when you look at the commentary, you can see that they were struggling with this. It almost looks like there was, for some reason, some arm-twisting going on.

With respect to whether or not the current definition for brain impairment, being a Glasgow coma score of nine or less, was appropriate, the initial dialogue between the eight panel members resulted in only three of them strongly disagreeing or disagreeing, so sort of being against that notion. It begs the question that if their initial impression was that it's probably an adequate tool, why have the need for a change to make something more complicated?

When asked to provide recommendations for improvement to the definition of catastrophic impairment, there were some very insightful comments that were made. One of the comments was this: "The central purpose is to identify patients whose impairments were created by the accident and who probably have major, long-term financial burdens on the system. Therefore, we need to ensure close to 100% sensitivity for detecting all persons with at least potential needs of a substantial nature." That echoes something that I said last day that my organization feels strongly about: You have to make sure that wherever the bar has been set, it's going to capture those people most in need.

Another comment on this same point—and this is exactly what we've been saying: "One thing is certain: It is not always better to change a system without understanding the consequences of implementing new rules." I had mentioned last day about the law of unintended consequences. That's exactly the point that the expert panel itself appears to have been struggling with.

There was an observation about trying to pick and choose and change these definitions, and one of the comments from an expert panel member in the weekly commentary was this: "We are likely answering the wrong question by the piecemeal approach to a system where we have no decision yet on what we want to accomplish and no research on what any suggested alternative would accomplish."

This comment goes to putting the cart before the horse. Without knowing whether the bar is going to be raised, whether the bar is going to be lowered, how many claimants are going to be considered catastrophic after the changes, it's pretty hard to know—and the expert panel struggled with this—what work should go into the analysis.

On the issue of combining—this is combining mental and physical impairments—one of the comments was this: "To enshrine the prohibition to quantify is arbitrary, discriminatory and inaccurate." I note that the Court of Appeal has more or less made similar comments, but on the expert panel itself, certainly this individual supported the need to combine mental and physical impairments.

The scientific literature indicates that when a person has both mental and behavioural disorders, in addition to a physical disorder, the care for the physical disorder may be increased. It kind of stands to reason that if you've got both things going on, your needs are going to be greater. That was identified by one of the expert panel members.

The AMA guides have been used for the last 15 years as the template for these assessments. I'm the first to acknowledge on behalf of my organization that that is a very imperfect analysis and that it has not kept pace with changes to the AMA guides themselves. That being said, it's not as simple as using a medical textbook, because you're talking about a legal test which evolves and which is interpreted by arbitrators and by judges.

One of the panel members in the commentary seemed to be making that same observation by making this statement in the notes that were released pursuant to our freedom-of-information request: "The implications of removing assessment of the impairment level and dispensing with the AMA guides and replacing them with specific criteria which focus on current health care and social service utilization and dependency have not been investigated." So to impose a regime, you're really walking into the unknown.

I'm going to conclude the section of my talk dealing with the freedom-of-information material by going through some excerpts of a meeting that was held in December 2010. Pierre Côté, who was the chair, had this comment: "How things are done in the field is beyond the scope of this project." So, expert panel, don't be concerned about what actually happens in the field. It's a huge issue but not required in order to make recommendations on the definition. We say, of course, that that is wrong-headed and that you must have regard for what's going on in the trenches before you make any of the changes.

Willie Handler, who was involved at the time, noted that the cost impact of what the expert panel was analyzing was not part of the discussion. That was off the table. It wasn't something that they were to consider. It will be a discussion that the government will be undertaking later. We say, of course, that you cannot divorce the analysis of what this is going to cost and what the implications are going to be from a pure medical analysis of a definition.

To his credit, Michel Lacerte, who is going to be speaking later this morning, said, "But that's what the catastrophic definition is all about. It is used to determine the maximum payout. If the claimant does not have the money, they are out of luck. Ethically, if people fall in the gap or they do not have a claim, they are out of luck." This was the debate that was going on by these panel members.

Another panel member, Arthur Ameis, said, "As a definition, it is a financial construct, not a medical one. What is the line from the government's perspective? We need to know that. Then we can make the recommendations as to how we set this test. You can't do it in the reverse order," which appears to be what has happened here.

Then Willie Handler said, "Well, that's where the government will have to make political decisions. They will have to look at how many people there are in the gap and what will be the impact."

0910

I'm very hopeful that this group is going to take that responsibility very seriously, looking at who is going to be in the gap, who is going to be considered to have a catastrophic impairment and who is not, because if you're an individual in need and you're in that gap, your needs are not going to be met.

I now want to make some comments about the superintendent's recommendations, because that's new from the time of my last appearance. I want to restrict them to really the new information that doesn't exactly parrot what was in the expert panel report.

Something that was new was the recommendation by Mr. Howell to have family physicians sign all of the insurance forms for ongoing treatment and therapies for individuals who have a catastrophic impairment. There are some significant flaws with that approach. First off, as we all know, many people do not have a family physician. I can tell you that in my practice, people who have been in motor vehicle accidents and are part of the system have an even harder time than the average citizen in finding a doctor. Doctors essentially will do an interview and will say, "I'm not taking on a patient who has your basket of problems because it's too complicated." In our respectful view, it is not right to have the family physician as the sole gatekeeper for the catastrophic impairment form completion regime because it's not workable.

Even those who have a family doctor will find that the doctor is very disinterested because they're busy. They're overworked. They have a patient load of 3,000 or more patients. They don't want to now be completing

form after form, particularly when the issues that require the forms' completion might be outside of the particular expertise of that family doctor. It may be better left to the specialist, to the occupational therapist, to the case manager. The case manager and the entire rehab team have a lot to offer. That recommendation ousts them and in our view is not appropriate.

Phil Howell is to be commended for hearing the stakeholders when they said that you cannot make hospitalization in an in-patient rehab facility a prerequisite to passing any of these various definitions. I want to give proper credit where it's due. There were consultations that were held. There was an outpouring of concern on that issue and it appears that he has heard that.

I want to end this segment of my talk reflecting on the interim catastrophic impairment designation, because the expert panel said that there needs to be some mechanism to get benefits in a timely way to those who need them, and they came up with the interim catastrophic impairment designation.

Mr. Howell, unfortunately, seems to have hollowed out the spirit and intent of that recommendation by restricting any interim benefits, seemingly for all categories, attendant care and medical rehab, to an additional \$50,000. I need to remind this group that going back to 1996, the basic benefit that would have been available to anyone was \$100,000. This interim benefit, essentially, for those who have an interim catastrophic designation, would simply restore a benefit that people had 15 years ago which, as we know, doesn't even keep pace with inflation. It seems that particularly with the interim benefit designation, you can't pick and choose. You can't say, "We're going to give this because it's needed," but then make it low enough that it's not going to essentially deliver the effect that's intended.

What are OTLA's main criticisms with the proposals that have been put forward by Mr. Howell? We say it is far too complex. We've said this for years; we've said this going back to the five-year review on auto insurance. A key theme was that we had to make this easy to understand, easy to apply; simple, not complex.

If these recommendations are accepted, we now have injected into the analysis the American Spinal Injury Association classification of spinal injury, called ASIA; the extended Glasgow outcome scale for traumatic brain injuries; the global assessment of functioning for psychiatric disorders; and a very long and densely worded list of indicia pointing to the persuasiveness of evidence in the realm of psychiatric impairments. I challenge anyone in this room to read some of that language and themselves understand what the impact would be, just as motorists, just as policyholders—let alone your constituents or the average Joe on the street—to actually look at their policy and try to figure out, "What does this mean for me if I get in an accident?" When it said "paraplegia" or "quadriplegia," I suspect they know what that means. That's what the current test is. When it starts referring to the American Spinal Injury Association and various classifications, I suspect they don't.

I can tell you that whenever you add new tests like this, which incorporate external documents, you're injecting uncertainty, you're adding unpredictability to the system, you're going to increase the disputes because both sides need to figure out, now, what this means, and unfortunately you're going to be slowing down those people from getting benefits.

Our other main criticism is rebutting the suggestion that this is all just based on good science. That seems to be the comment, that we just want to get the science right. I'm hopeful that the excerpts that I reviewed with you from our freedom-of-information request show how even the expert panel didn't feel that this was all about good science. This is a policy decision—it has to be—deciding who is in and who is out on the issue of catastrophic impairment, the same way it was a policy decision for the minor injury guideline, deciding who was in and who was above the minor injury guideline. You may use some scientific measurements to assist you, but when it comes down to figuring out where on a spectrum someone sits, it's basically a policy decision.

In looking at the expert panel's report, which has informed Phil Howell, what you have, essentially, is the expert panel being given a piece of paper, which might represent the entirety of all their considerations. They're told now, "We've folded this paper in half. We only want you to consider what you can see, in giving us your opinion. We don't want you to consider the other elements that you know to exist but which are beyond the scope of this expert panel report." By not considering the cost of what they were going to do, by not considering the implications, it really undermines the effectiveness of their recommendations.

The last point that I want to make, then, relates to the need for data and the type of data that this group should insist on having and should use your powers to obtain in order to make properly informed decisions. Phil Howell's report had some statistical analysis that stopped in 2006—

The Chair (Mr. Bob Delaney): And just to remind you, you've got about two minutes to go.

Mr. Andrew Murray: All right. Anyone who goes to a bank with data from 2006—the last update to data—knows that they're not going to get anywhere when they ask for a loan. The government has an even stronger onus of ensuring that they have accurate data.

This group should be asking for the breakdown of all of the catastrophic claims by category. How many total-blindness cases are there? How many 55%-impairment cases are there? How many spinal cord cases are there? You should then be asking what the average costs of those claims are, broken down by category, and what are the total costs of the catastrophic claims within the whole system, so that you know how much money is at work. Before you tinker with the quadriplegic definition, it might be nice to know whether you're talking about 10 or 100 such cases in the system annually.

Additionally, we need to know, does Mr. Howell think that the catastrophic cases are going to stay approxi-

mately the same? Is the bar at the same point? Because if it is, why change it? If it's going to be more people caught, then we should know that and cost it out. If fewer people are going to be caught, and that's the intention, then we should know that too, so that you know what the effect is on the rest of the system.

I'll leave my formal comments there, but I do hope that there are some questions for me.

The Chair (Mr. Bob Delaney): Thank you. Mr. Yurek.

Mr. Jeff Yurek: Thank you, Andrew, for coming in today. I'm still waking up, so—

Mr. Andrew Murray: I came down last night.

Mr. Jeff Yurek: What, in your idea, would be an ideal definition of catastrophic, and how should that be determined, in your point of view?

Mr. Andrew Murray: That is not a question I can just simply answer in two or three sound bites. What I would say is, it really calls for an analysis, first of all, of: Is there a need for change? I'm not sure that my group would argue that there's any need for a change, because we've got 15 years of experience with the existing system. The wrinkles that exist, and there are always wrinkles, have fortunately been ironed out through the court system. No one has shown my organization any evidence to suggest that there is a crisis on catastrophic impairment that needs to be fixed. I would say the status quo should remain, for certain, pending something conclusive that demonstrates the actual need for a change, recognizing that every change will then trigger a whole cascade of further consequences.

0920

Mr. Jeff Yurek: And my second question kind of has catastrophic involved: Someone who is visiting their friend's house climbs up a ladder, falls and has a catastrophic injury, per se. How would that person—he doesn't have an auto insurance policy, obviously; he fell off a roof—fund their rehabilitation costs?

Mr. Andrew Murray: Those are the most heart-breaking stories. I have someone in your riding who is a 43-year-old engineer—used to make over \$100,000 a year—on a mountain bike, and he's a quadriplegic because of his accident. His wife is the one who provides him care 24 hours a day; fortunately she happens to be a nurse. They get maybe six hours of CCAC assistance coming in. His children pick up the slack. His wife picks up the slack. The strains in that family are enormous. He had some private insurance; he had critical injury insurance—in his case, \$100,000. He was able to buy a modified van so he could get around and some home modifications so he could stay in his home. He's the rare exception, because he was a higher-wage earner.

Most of those people, in all those other contexts other than auto, really suffer. Because they suffer, I can tell you that the medical people keep them in the rehab facilities longer, and they're turning out the people who have auto insurance back into the community, knowing that those people are going to be—it's a way of managing the beds and managing the resources.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Thank you for your insightful presentation. There's a lot of issues there that I think we're all going to take to heart.

Mr. Andrew Murray: And I'd be happy to share this freedom-of-information data with anyone who's interested.

Mr. Jagmeet Singh: Thank you. I think we will follow up on that.

One of my concerns—and I think you just started touching on it, and I've been asking some of the other deputants—is that there seems to be a shift. If the catastrophic injury definition will capture less people, the shifting of people would be to put more burden on the public system, on the public sector, and taking away the onus off the private sector to cover some of these injuries, which would put even more strain or burden on an already overstretched or overburdened public system. What's your take on that? What are you comments and thoughts on that?

Mr. Andrew Murray: We believe that that is a very real concern. We know from the physicians that we talk to that they definitely triage people in the rehab facilities based on whether there's auto insurance or not, just as in the example that I gave previously. Those people have needs. Their needs aren't going away whether the definition has suddenly changed. I would hope that in our society, we would ensure that those needs are met, that they're given basic care and given some opportunity for dignity and the integrity of the person. If it's not coming through the health care system directly, we are talking about people—maybe they're not rehabbed back to work, so instead of being employed people paying taxes, they're collecting Ontario Disability Support Program benefits, because they're not back into the workforce. There's only a certain window of time to get people back into the workforce.

Do I know what the statistics are? Of course I don't know that, and my organization can't know that. But we hope that this is a dialogue that someone who's proposing these changes is having with the Ministry of Health, for example, or the Ministry of Community and Social Services, which are certainly two ministries where the ripple effect will most certainly be felt if the people who are most in need now are no longer able to access what previously was a privately funded benefit.

Mr. Taras Natyshak: I have a couple of questions. Can I jump in, Chair?

The Chair (Mr. Bob Delaney): It'll have to be a quick question.

Mr. Taras Natyshak: I'd like you just expand on the aspect of mental impairment as it relates to, potentially, post-traumatic stress. There was recently a horrific accident in this region where the driver lost several family members. I can only assume that that would affect a person for a very long time afterwards. Could you tell us how, under the new definition, PTSDs would be insured or how they would be dealt with?

Mr. Andrew Murray: Under the new definition, if the proposal, as worded, goes through—it's actually too long for me to even read to you. It talks about a person having a GAF score—I was talking about this earlier, the global assessment of functioning—of 40, which would mean something to a clinical practitioner and probably wouldn't mean anything to anyone in this room.

As someone who has had clients who have suffered these kinds of problems, the GAF score of 40 is a very low score and would certainly, in my estimation as somebody who practises in this area, catch far fewer people than the current test, if that's what you're asking me.

Also, there's this long list of having indicia of what would be demonstrable and persuasive evidence: institutionalization, repeated hospitalizations, interventions, determination of a loss of competence—so, somebody has actually said that the person is no longer competent to manage their affairs. We know that this is a very, very difficult test to meet the—

The Chair (Mr. Bob Delaney): Thank you. I'm just going to move the rotation to Mr. Naqvi.

Mr. Yasir Naqvi: Thank you, Mr. Murray, for your presentation today. You were relying on some freedom of information that you have obtained, and we will appreciate if you share that with us, because I like to make my own judgment as to what those documents stand for.

Mr. Andrew Murray: Absolutely.

Mr. Yasir Naqvi: Some of your commentary was your editorial, so I just want to make sure that we, the committee members, can have access to those documents as well.

I want to get your views on another important theme that we're hearing in these hearings as we travel. It's around fraud within the system. In your experience, being a litigator, how often do you see fraud within the system that is having an impact on the premium rates we pay, the benefits that people receive etc.?

Mr. Andrew Murray: I'm from London. I don't see fraud in my jurisdiction. One of my first acts as president—and I've been in this role now for a month or so—was to meet with the IBC because I was interested in getting more information myself. Following that meeting, I had them come to present at our board at the beginning of June. What I was able to glean from the vice-president who came to speak to us was that fraud does not form any part of the catastrophic world or of those who are very nearly catastrophic; it is part of the soft tissue and the more minor injury world. I was also told, which affirmed my own experience, that it is almost exclusively a problem of the GTA, I'm very sorry to say. Whether that will expand to other parts of the province: perhaps; I don't know. Often what we see there does find its way out. So, my members—we don't have experience with fraud.

The third point that came out of the discussions was that lawyers are not seen as any part of the fraud piece, according to the IBC, which I was very gladdened to hear. Unfortunately, paralegals were implicated by the IBC. I wrote my own follow-up letter to say, "We want

to work with you, IBC, on these issues of common interest. Maybe we can help support initiatives dealing with paralegal regulation. Maybe we can help support initiatives dealing with more enforcement available to stamp out fraud." We don't want fraud; it tars and feathers the honest claimants that we represent unfairly. They have this brush of suspicion—they then have to go to heroic lengths to persuade someone that they're legitimate. So, we're as interested as anyone in helping to eliminate that.

Mr. Yasir Naqvi: I appreciate that. One of the most curious statistics that has come to our attention—and Mr. Howell spoke to it when he presented to this committee—is that the medical costs seem to continue to rise, whereas the number of accidents has stabilized. How, in your experience, can you explain that dichotomy?

Mr. Andrew Murray: When Mr. Howell quotes those statistics, by his own admission, his data is all old. He's essentially referring to data that existed before the September 2010 changes. There's no question, from the little bits of information that we've been able to glean, that those numbers are going way, way down with the implications associated with those changes—the minor injury guideline in particular; doing away with housekeeping.

I'd be very careful to read too much into those comments as a forecaster for future trends, but there's no question that it did become a disconnect. Again, according to Mr. Howell's data, it looks like it's more of a GTA—

The Chair (Mr. Bob Delaney): Thank you. That pretty much concludes your time with us this morning. Thank you for coming in.

Mr. Andrew Murray: Thank you.

HUGHES INTELLIGENCE INVESTIGATION SERVICES

The Chair (Mr. Bob Delaney): Our next presentation is Hughes Intelligence Investigation Services: Barry Bentley and Ron Prior. Good morning and thanks for joining us today. You'll have 20 minutes to present your thoughts and opinions, followed by up to 10 minutes of questioning. This round of questioning will begin with the New Democrats. Please introduce yourselves for Hansard and proceed.

0930

Mr. Barry Bentley: Good morning. My name is Barry Bentley and I'm a retired police detective with 25 years' experience in investigation and motor vehicle accident reconstruction. I am currently the owner of Hughes Intelligence Canada, a private investigation agency based in Sarnia, but operating throughout Ontario. With me today is Mr. Ronald Prior, a retired police detective inspector with 26 years' experience and the founder of Hughes Intelligence Canada. We have a combined 73 years' experience in law enforcement and investigation. Our agency has 14 highly qualified investigators.

First off, I would like to thank the Standing Committee on Finance and Economic Affairs for the opportunity to speak before you today.

The Ontario Auto Insurance Anti-Fraud Task Force December 2011 interim report identified four key areas which they believe need to be addressed—prevention, detection, investigation and enforcement—to successfully combat fraudulent activity and its effect on automobile insurance premiums and related health care expenses in Ontario. We agree with this finding, along with the need for consumer awareness of fraudulent activities.

In our experience, it is essential to establish a central control unit which utilizes all available police and private investigator resources in Ontario to reduce fraudulent activities. Prior to the Paul Bernardo case, police forces throughout Ontario found themselves in the same position as the current anti-fraud task force: no collaboration, exchange of data, networking or standardized training amongst investigators.

Mr. Justice Archie Campbell recommended that police meet required core competencies, including major case management; interviewing techniques; a central data bank; crown brief preparation; and specific training in major case investigations. The implementation of these recommendations across the province has noticeably increased the prevention, detection, investigation and enforcement in bringing criminals to justice. We recommend that a similar approach be taken to combat fraudulent automobile insurance injury claims, including health care fraud. To meet this objective, we recommend the following:

- adopt a criminal investigation technique similar to those developed by the United States Health and Human Services Office of Inspector General, which conducts criminal, civil and administrative investigations of fraud and misconduct related to HHS programs, operations and beneficiaries;

- develop a central and regional insurance fraud control unit and certification programs. As an example, the OIG certifies Medicaid fraud control units which, amongst other things, investigate and prosecute Medicaid fraud. The OIG's central controlling unit reviews and directs information received from all agencies and resources, such as a consumer tip hotline and education for public awareness;

- thirdly, promptly implement a health care fraud investigation certification program for investigators, adjusters, service providers and all others involved in insurance fraud assessment, review, prevention, detection, investigation and enforcement. We recommend a standardized core competencies training curriculum that includes private investigators' courses, focused fraud investigation courses, and crown brief preparation and presentation courses;

- apply statistical and artificial intelligence fraud detection techniques to existing data banks. Remove barriers to data mining by certified fraud investigators; and

- explore the development of a special roster of crown prosecutors specializing in handling insurance and health care fraud cases.

In closing, it is our opinion that the implementation of our recommendations will provide savings through public awareness, focused investigations and enforcement. We look forward to assisting the government of Ontario in bringing any necessary changes or measures to ensure consumer awareness and protection.

We're open for any questions.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: My colleague will ask first.

The Chair (Mr. Bob Delaney): Mr. Natyshak.

Mr. Taras Natyshak: Good morning. Thank you very much for your presentation. The model that you propose and the suggestions, are they based on best practices in another jurisdiction, and could you point me to those if they are?

Mr. Ron Prior: Yes. Right now, we're looking at the model that is being used by the Health and Human Services Office of Inspector General in the United States.

Mr. Taras Natyshak: Specific state, or federally?

Mr. Ron Prior: No, it's federal, and it goes across states.

The reason it was implemented is for the very same reasons that we have problems here today. They had a high number of frauds in the health care system, in Medicaid and in automobile accident claims. This was put into place so that there would be a controlling body that would be responsible for managing the investigations of all these areas.

Mr. Taras Natyshak: Ultimately, who would pay for this controlling body and the mechanics of it?

Mr. Ron Prior: Right now, when you look at costs for this unit—the IBC, the Insurance Bureau of Canada currently has a unit called the SIU, special investigations unit. They have offices regionally across the province of Ontario in most of the major cities. They right now are responsible for adjusters coming to them with a claim that they feel may be fraudulent. They assess it, they review it, they come back, and they tell the adjuster either yes, hire a private investigator, or “Don't hire one; there's nothing there.” It would be a matter of expanding that and giving them more control to be the managing controlling unit for the province. The cost would be lower. Plus the savings, of course, would be a lot.

Mr. Taras Natyshak: So you're asking the province to sort of create this amalgamated entity but not necessarily to manage it or run any aspect of it?

Mr. Ron Prior: No; the province, I think, is going to be in a position where they're going to have to make regulations, and they're going to have to be the ones to allow them to do certain things.

Mr. Jagmeet Singh: How complacent are the insurance companies with respect to allowing fraud to occur, turning a blind eye to fraud occurring or not properly investigating or following up on any claims that are suspect?

Mr. Ron Prior: In the 14 years that I've been in the industry, we see, in a lot of cases where we believe there is fraud, that the evidence is gathered, the insurance companies look at it, and they ask, "Is there enough evidence here for a criminal prosecution?" Rather than go to a criminal prosecution, they go to a civil case; they go to a tort. I don't think they're ignoring the fraud: They're hoping to use that evidence in the tort case.

Mr. Jagmeet Singh: Sure. What about denying a claim outright if they find that there's any suspect nature to it and not paying out the money instead of paying out the money and then double-checking afterwards and saying, "Oops, we made a mistake"? What about having some proactive steps taken by the insurance companies so they don't pay someone incorrectly?

Mr. Ron Prior: That does happen. We do see cases where it's so prevalent and bad fraud and there's so much evidence there that the insurance company will come to them and stop the claim. Of course, now they'll take some civil action against the insurance company to keep their claim going.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Good morning, gentlemen. The previous presenter made a categorical statement on the lines of "There's no fraud in London. This is primarily a GTA issue." Your comments on that?

Mr. Ron Prior: I understand Mr. Murray's remarks, but I think what he was alluding to is his perspective of catastrophic injuries. Where there are really catastrophic injuries, he doesn't see much fraud. As you mentioned, soft tissue—and most of the cases that we investigate where we see fraud are soft tissue. This is the whiplash, or "I have a bad back," or "my knee"—these are all that type of issue where we mainly see frauds occurring. And it is regional. We've done cases all the way up to North Bay, Parry Sound, Kingston, so it's not just the GTA where these frauds are occurring.

0940

Mr. Barry Bentley: Due to the population, obviously, you're going to see more in the GTA area. I mean, that just makes sense. But it is widespread; it's province-wide. Out of 17 years of Hughes Intelligence, the number of cases that come in on a retrospective—out of 10 cases, nine of them will be proven to be somewhat fraudulent, if not completely fraudulent. That's the ratio we're seeing. Out of the 10% that's left over, a portion of those could neither be determined positive or negative due to a lack of evidence, but there's a small fraction of them that they get proven that they are legit. That is the standard throughout the industry of private investigation.

It's everywhere. Obviously, just population-wise, you'll get that spike because of the population.

Mr. Yasir Naqvi: So it's a serious problem.

Mr. Barry Bentley: Yes, very serious.

Mr. Yasir Naqvi: Quickly, your recommendations, by way of your experience, as to how insurance rates can be lowered in Ontario.

Mr. Ron Prior: With the proper training of the adjusters, the people responsible for reviewing and as-

sessing claims, and the investigators—right now, a lot of ex-police officers will become private investigators or will be hired by the insurance companies as their investigators. Not all of them—and I would say maybe one out of 10—have any fraud experience. This is why police forces—the Ontario Provincial Police, the RCMP and your major municipal police forces—have a fraud unit that specializes in the investigation, the case management, the preparation of fraud.

This is what happens with adjusters. They look at something; they don't really know what a fraud is. "Is it a fraud?" We see cases where it might be a chiropractor. The person is supposed to attend on Monday, Wednesday and Friday. Due to some reason, when we're doing surveillance, they don't leave the house. They don't go on Monday, they go on Wednesday, and they don't go on Friday. The adjuster comes back later and says, "We just got billed for Monday, Wednesday and Friday." Well, that's still fraud. That chiropractor is putting through false billing.

The Chair (Mr. Bob Delaney): Thank you. I'll move to Mr. Yurek.

Mr. Jeff Yurek: Thank you, gentlemen, for coming. I appreciate your recommendations. We've been pushing for crown prosecutors to get to work on the fraud case, because we feel it's huge. The fact of using the HCAI system to root out fraud—right now, there are so many barriers in the way of sharing the information that needs to occur.

I really appreciate you giving the idea of expanding the SIU, because I've been grappling in my head how to make it more cost-effective for the government and the system as a whole, and that's an avenue that we'll take a look at.

My question to you is, what other challenges and barriers are there to actually going after fraud, in your opinion, that you're seeing right now?

Mr. Ron Prior: Well, one of the things that we see, especially in the example I just mentioned, is there's no deterrent. There's no deterrent out there to stop somebody from doing something. If a massage therapist overbills or extends treatment, the worst that can happen to him is the insurance company says, "You don't have our business anymore on that case." So there has to be a deterrent.

The other thing that we see is that it's important that they have a right to inspection, and this is something that the HHS and the Inspector General's office have. Today, if there is believed to be a fraud in one of the health care areas, the investigator should be able to go and have a look at their records, have a look at their invoices, look at their bills. The Ministry of Transportation of Ontario has the right to come into my office today and inspect my security and inspect my information that I've gained from the Ministry of Transportation. They have that power to walk in. The Ministry of Natural Resources has the power to walk into my house and open my fridge and see if I have fish that I caught yesterday. So there are

allowances that can be made to allow the investigator to do certain inspections.

Mr. Jeff Yurek: The insurance companies cannot come in and do audits. Is that what you're saying?

Mr. Ron Prior: Basically, an insurance company right now can't walk into a chiropractor's office or a physiotherapist's office or a healthy-equipment supply place and say, "You've billed us. We want to see your invoices or we want to see your records." They can't do that right now.

Mr. Jeff Yurek: That's odd. I'm a pharmacist, and I have audits from insurance companies all the time, checking my billings and comparing it to what I've billed and stuff.

Mr. Barry Bentley: It's not throughout the industry. The whole problem is, it goes from top to bottom, from the claimant to some of the lawyers to some of the providers etc. The whole system needs some kind of support as far as regulations to give the power to the people who are actually responsible to investigate possible fraudulent activity. If you're powerless and you have to jump through hoops, it makes it a tougher gig, and subsequently one that becomes put to the side or dealt away in an agreement or a plea bargain because there are too many hurdles to jump. Streamlining that, very similar to what has been done in numerous other fields of professional industries, isn't that big of a job. It's just one that needs—

The Chair (Mr. Bob Delaney): Thank you, gentlemen. Thank you for having come in to offer your testimony today.

DR. MICHEL LACERTE

The Chair (Mr. Bob Delaney): Our next presenter will be Michel Lacerte. Good morning.

Dr. Michel Lacerte: Good morning.

The Chair (Mr. Bob Delaney): Make yourself comfortable. You'll have 20 minutes to offer your testimony before the committee, followed by up to 10 minutes of questioning. This round of questioning will begin with the government side. Please begin by stating your name for Hansard and proceed.

Dr. Michel Lacerte: My name is Michel Lacerte. I'm a physiatrist in London, Ontario, but I live in Port Stanley. Mr. Yurek is my MPP.

Mr. Jeff Yurek: Hey, welcome. Great town. Great village.

Dr. Michel Lacerte: That's right. Basically, I want to thank you for the opportunity to speak to you today regarding the automobile insurance system in Ontario and to give you my perspective as a busy treating physiatrist, which is a specialist in physical medicine and rehabilitation, and also the perspective of a rehabilitation counsellor and, on occasion, a disability management policy analyst.

It's interesting that over the years I've been attending different activities under automobile insurance. Initially, I was named by Floyd Laughren to be part of the accident

benefits advisory committee. This was way back. If you don't remember, the accident benefits advisory committee was basically a committee that reported at that time to the Ontario Insurance Commission. This was before it became the Financial Services Commission of Ontario. I was a physician on that committee. Subsequently, I got involved again, this time as the representative of the College of Physicians and Surgeons of Ontario. At that time, the Conservative government had created an accreditation committee reporting to the minister in regard to designated assessment centres. Then—my luck—I got pulled into the expert panel. Before recently, I never was referred to in the *Toronto Sun*, so that's a first.

Having said that, you may be interested in terms of how I managed a catastrophic impairment determination DAC centre, which I did for over 10 years, in addition to being also a member of three other DAC catastrophic centres. I ran one of the two catastrophic impairment DAC centres for pediatrics in the province, and my area was from Kitchener all the way to Windsor, going as high as Owen Sound.

0950

I would like to stress that when we're talking about all of this, we're talking very much about private sector rehabilitation, and I have strong views in terms of strengthening the public health care system that basically treats everybody equally.

Now I'm going to bring you into the whole field, coming from my perspective, of rehabilitation, and I address this as basically the rehab buffet.

Since the beginning of my practice in 1990, being trained in the US, I clearly identified the Americanization and lawyer-ization of service delivery in Ontario. I was just looking at how many physiotherapy centres there were, for example, in London, and it has just exponentially increased in terms of numbers. Also, before, you saw mom-and-pop types of operations, small operations, whereas now you see names of companies and many of them are American companies. Unfortunately, it's very much done in a way where services that are being provided are being provided in a gunshot approach, which is basically you come in the door and you can have access to all sorts of treatment, not just the physio, not just the chiro. You go there and basically it's almost as if they're now going to do your nails as well. So they really have expanded in terms of services.

What is important is that in contrast to the US system, we do not have strong utilization management controls. When I was working on the rehabilitation floor in the US, folks would come to me and say—that would be the utilization nurse for Medicaid patients, as well—"Your patient has not made any progress over the past two weeks. How come they're still here?" That was really problematic because if nothing was happening, they may have denial of payment, and denial of payment—we're talking about hundreds of thousands of dollars in denial. If you're a young physiatrist and you have a few of those denials, there goes your job, because the hospital is not going to keep you very long.

That's exactly the opposite of when I came to Ontario. In Ontario, I remember a patient who had an injury, and we were waiting for a ramp so that they could go back home, and that ramp was not going to come for six weeks. I said, "Well, you could rent the ramp," and so on. They said, "No, no, no." Basically, they said, "Michel, this is not the US here. We can't afford it." I found it so funny, because in the meantime I was getting the neurosurgeon and the orthopaedic surgeon saying, "When can you take my patient?" and so on. Really, there is zero understanding that if you're in rehab, people need to move on.

However, what is happening now has been referred to: Hospitals have been creative and have been offering their own private services. The reason why, in many cases, they move them out quickly is so that they can get other services—the other door.

Whereas in Quebec, it's very clear that those centres that do the EB rehabilitation—I'm talking about severe brain injuries, spinal cord, amputees and so on—the government says, "You will be given, per capita, a certain amount to look after these folks." One thing that you cannot do is to provide services and go in direct competition with the providers on the outside that do soft tissue injury.

There is no limitation. Hospitals right now can go in direct competition with the folks and in many cases will take away the folks who were providing physiotherapy, for example, to the public and will put them instead to provide services now that can be billed to insurers. This is very hard, and this is, I think, what we have seen.

When you look at the system—Quebec, Manitoba and so on—you need to look at how much can the person—for example, the victim of crime is a perfect example. I remember a quadriplegic victim of crime, who has a maximum of \$25,000. How can they have access to that service when the hospital says, "No, no, we prefer not to deal with you guys but basically do work where we're going to make some money"—which is really, I think, not in keeping with what you should have.

Furthermore, in London, there are about 11 physiatrists. I'm the only one in the community. Every one of them is basically in the hospital, with salary paid by the hospital to provide some services in the hospital—and this is attached to the university. Most of them simply don't want to do OHIP because they make more money doing private work for lawyers and insurers, using public facilities and resources. If they want to do that, they can come and pay all the overheads I have to pay on the outside and employ people.

What is important for me is that when you look at rehabilitation right now, we're really facing what I would refer to as a Chinese buffet, because basically you can have all sorts of services; there's no limit. You want to have aromatherapy? You want to have a colon enema? If you've got somebody signing it, you're a go; it's good to go.

The problem is that in that Chinese buffet, where you have literally thousands of choices, there are many cooks,

and basically there's no public health inspection. What we see is that the family doctor, as was referred to earlier, is oftentimes not equipped or remunerated to try to do the case management, so by default in many cases, the plaintiff attorney starts taking on the kitchen and basically is running the kitchen. If a person has a problem, "Well, you're going to go see my psychologist. You're going to go see my physiotherapist. You're going to go see my speech language pathologist." But I really, truly believe that the Ontario plaintiff lawyers basically have hijacked the whole rehabilitation service delivery in Ontario. Frankly, they would not pass the public health inspection because this is not the outcome that normally, from a medical point of view, we would expect it to be.

People talk about rehabilitation and services. Sometimes we refer to it as "shake and bake." But that's not enough. Rehabilitation is truly a philosophy. I tell people, if you want to know if it's rehab, just remember this: Does the service being provided optimize the individual's ability, autonomy, social participation in the different roles that they may have—as a spouse, as a worker and so on—and, more importantly, social integration? I'm going to tell you, in the vast number of the services being provided right now, that clearly is not the case.

We have to realize that too much treatment can be harmful. Things such as you have in basically pretty much all the system we don't see in automobile insurance, and partly it's because FSCO does not have one physician on staff. IBC does not have one physician on staff. Take all the property casualty carriers in the province; there's not going to be one physician on staff. So, basically, if you want to have good medical control, it has to come from a physician and health care practitioners who certainly can help in that regard.

We need to have disability duration, to say, "Well, this is what normally you should expect in terms of disability." We need to have what we refer to in French as "un temps de consolidation," which basically means you need to be able to say, just like the board in Ontario, "The person has reached maximal medical rehabilitation. Therefore, we don't expect any additional improvement. You can do as much therapy you want; there's not going to be more improvement. So let's use the money, instead of for more physio, more this, more that, perhaps to look at return to work or work reintegration or vocational rehab."

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We need to look at whether or not the service providers that are providing the service are going that route; and second, if you're going to be doing any payments, you need to set up payments so that you're looking at putting more money in high value versus low clinical or functional value. Right now, the system has been, "We don't want to upset anybody, so everybody can provide services."

It used to be that everybody could provide acupuncture because it was unregulated; now it's not the case, but everybody still does it anyway. Second, foot orthotics: Everybody can provide foot orthotics. In Quebec, there's three-year training as a certified orthotist, and then two

years as a foot orthotist. Here, you can go see a kinesiologist, a chiro or physio, and you can get foot orthotics even though you may not need it. It's something that you're entitled to get.

This kind of craziness is also made worse by lawyers who will point out to me, "Well, that person is entitled because arbitrator so-and-so made the decision." Well, I beg your pardon, but an arbitrator will make a decision on legal reasonableness and necessity from a legal standpoint, but to start using what arbitrators are saying as a standard of care is a far reach. Yet this is what sometimes I'm being asked to do, and I usually have a set of kind words in that regard.

Many times, the decisions are not based on best evidence. What I'm seeing right now with the disaster of the mediation backlog is a whole bunch of people who are being disabled simply by time. It might be a legal success, but from a rehab point of view and from an occupational disability point of view, it's disastrous, and nobody seems to care.

What I should mention to you is that I had those same comments 20 years ago, when I was pointing out to ABAC that it was awful that it would take 18 months for an arbitrator to come up with a decision. They said, "Oh, there's nothing we can do."

If you're asking for 14 days for a physician to come back with a report for an independent assessment, for example, I think there needs to be a time frame so that arbitrators can come back with a decision so you can go along. The current model, because everything is permitted, is clearly flawed. Right now, I think the person who is the most vulnerable is the consumer, especially if they have only \$3,500 to go around with a minor injury.

Look, if you want to give options—I understand the political aspect of having options. That is great. But the reality for me is that one of the most important places to have an option on is basically if you have a minor injury; in that one, there's not. It doesn't matter if you add up in terms of your maximum limit for your catastrophic—or from \$50,000 to \$100,000 or \$1 million to \$2 million; the question is, if you want a minor injury increase, you can't, and I would beg to say that you should be able to do so.

I should also mention that if you're really concerned about people saying, "Oh, well, they really like their aromatherapy. They really like hot stones on their back"—that's fine with me, but perhaps they should get an optional for alternate and complementary medicine. People can opt for it, and if they don't take it, then you should go for what has been demonstrated by research as being the most effective.

This is what comparative effectiveness research is about. In other words, I can treat this three different ways, and I'm going to look at which one works the best, and that is the one that, basically, we're going to fund the most. If you're one of the other ones, that's fine, but the disincentive will be for the provider to give us something that is not as good while they don't get paid as much.

This is very much the value-based payment, and certainly, in the US, they have been working on this.

It is important, therefore, that we come up with a more manageable menu of things that work, and we also need to basically tell patients, which generally they don't. I used to also be the American—

The Chair (Mr. Bob Delaney): Mr. Lacerte, you've got about two minutes to go.

Dr. Michel Lacerte: Two minutes to go? Oh, that's easy.

What I'm going to do is like this: There are, when you look at the system, just too many chefs in the kitchen. That needs to basically come right down. I agree, when we were talking about for catastrophic, that there should be—the family physician maybe is not the best person, but at least make it a physician. To raise the case manager to be the one doing it—many of them have no background; they may be social workers, and they're generally selected by the plaintiff attorney—is absurd. I would certainly not support this.

Work disability prevention and the culture of entitlement: All I want to say is that 70% of the disablement that we see, we don't have a good explanation for it. It is not physical, it is not psychiatric; it is social, and for a social problem there is no medical solution—the social-political—and this is where you fall in.

Finally, for medical necessity, I think it's very important that we define what should be on our menu, so that with things such as opioids, when there is a national opioids guideline, it should be followed, which right now is not. Foot orthotics—really? When you have whiplash? Hot tubs: This week, \$14,000. A person says, "I need a bathtub." Well, it's not a medical necessity—I would feel very good with a hot tub myself. I was just reading about the \$150,000 robotic legs. They're great, but you should apply the ADP standards to everybody because ADP pays 75% of the cost. Not only that, they have controls in place, whereas if you leave it to free market out there, you're going to have everything.

I would have just loved to mention one more thing—

The Chair (Mr. Bob Delaney): Well, you may, but you'll have to do it in the course of a question. Mr. Naqvi.

Dr. Michel Lacerte: Perfect. It was about catastrophic.

The Chair (Mr. Bob Delaney): Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you so much for coming down and speaking to us this morning. I appreciated your comments and the report that you provided us. Through your comments, I can tell that you're very interested in the true rehabilitation of individuals, and it sounds like you're a bit frustrated with the system in terms of your comments of so many chefs in the kitchen as well.

Dr. Michel Lacerte: There's no intercommunication. People go out on their own. The patient comes back after three months and says, "I need my OCF-3, my disability certificate, to be signed." I say, "What do you mean, to be signed?" "Yes, my physiotherapist got me off work because they thought the treatment would work better.

Now I'm having problems with the insurer. I need somebody to sign it." And I say, "Sorry, over my dead body. Go back to see the physiotherapist and get them to fight your fight."

Mrs. Teresa Piruzza: And with respect to that, as we heard—I heard a couple of the comments this morning, and as you know, we were in Toronto on Monday and in Brampton yesterday, so we've been listening to quite a few people. One of the elements, of course, is that as your claims costs increase, that's one of the elements that has the increase on the premiums as well. Some of these elements that you're bringing forward certainly would increase claims costs, which is part of the result of premiums going up.

But one of the elements that I'd like to ask you about is, I understand you were on the expert panel that recently reviewed—

Dr. Michel Lacerte: Unfortunately, yes.

Mrs. Teresa Piruzza: Unfortunately, yes. Okay. We've heard different comments over the last two and a half days: agree with the process; don't agree with the process. There were some who have questioned the experts who were around the table or the process that was used.

You sound like an expert. You were around that table. I'm just wondering if you can shed a little bit of light in terms of that definition of the catastrophic.

Dr. Michel Lacerte: Let me just step back. I believe an expert is the person who does it, okay? If that's what you mean, it's not a title; I do the stuff day in, day out. I get close to 600 new referrals in a month. I'm totally overwhelmed, and I do have some catastrophic patients. I do participate, now that I'm no longer at the DAC, in some of their rehab.

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So for me, where I was very frustrated with the system is that it is a false economy. Who says that when you have an injury it either falls under minor injury, or up to \$50,000, and then you have the gap between \$50,000—which is not \$50,000; with the assessment, it's more like \$25,000. Then you have that and the catastrophic. That was not part of the mandate and everyone, I think it's fair to say, said, "Why not?"

I understand attorneys, I understand my patients. Where basically it says, you have a pretty bad accident, you don't have a tort claim because what we should say—if you're in tort claim and you're in good hands, you should not be concerned about anything that we're talking about. Okay? What we're talking about is—

The Chair (Mr. Bob Delaney): I'm going to have to move the rotation to Mr. Yurek.

Dr. Michel Lacerte: Sure.

Mrs. Teresa Piruzza: Thank you. We'll talk another time.

Mr. Jeff Yurek: Thank you for coming in today. My wife's a health inspector, so your story really hits home because—

Dr. Michel Lacerte: Uh-oh. She didn't visit my—

Mr. Jeff Yurek: No. I can send her if you want me to.

I like your idea about a doctor being the gatekeeper. I have a concern about the family doctors just because of the shortage. If you know, Dutton, in our riding, has had one doctor now for the whole area for the last year and we're unable to find a new doctor. So if you see someone in London who you're working with, send them to Dutton.

Dr. Michel Lacerte: I'm on staff at St. Thomas.

Mr. Jeff Yurek: Are you? If you want to work in Dutton, we'll get you a spot.

The minor injury guideline, you say, should be an option to go to \$10,000. I think Alberta just raised their limit for their minor injury coverage.

Dr. Michel Lacerte: It's at \$4,000, indexed. Ours is not indexed. I don't know if they did that increase.

Mr. Jeff Yurek: Okay. All right.

Dr. Michel Lacerte: But I believe that 3,500 bucks goes out very quickly, especially when you're dealing with those big American outlets I mentioned, which may provide services that meet their bottom line, not the need of the patient.

Mr. Jeff Yurek: Lastly, go ahead and finish your catastrophic discussion. You can have the rest of my time.

Dr. Michel Lacerte: For catastrophic, I think the main issue for me is that if you have multiple injuries, you're in pretty bad shape, I don't understand why there's not something in between. Because frankly, if you don't have a tort claim, you're screwed. I mean, it's that simple. You're going to have a lot of problems because you're going to use—we would not be worried about being on the borderline to catastrophic if it's about having maybe \$100,000 or \$200,000 that is necessary. Okay? But that's not what we're seeing. And there are some reasons why we don't hear a lot of concern about the gap, because basically if you're a plaintiff attorney, you can get it on the tort side and then you get your cut. That is not the issue on the EB side.

I certainly would have envisioned something in between to take care of it. People always talk about amputees. If you look at amputees over a lifetime—at 20 years old, above knee—we're talking more like \$350,000, not \$1 million, and that takes into account the ADP component.

The Chair (Mr. Bob Delaney): I'll just move the rotation to Mr. Singh, or to Mr. Natyshak, as the case may be.

Mr. Taras Natyshak: Merci, monsieur Lacerte. J'apprécie votre présentation. J'avais seulement une question.

In your presentation, "It is important to realize that too much treatment is actually harmful to patients." Could you give that to me in the context of potentially a catastrophic injury, say, a full quadriplegic? Although there may not be any substantial clinical, functional value increases throughout the years, there are some secondary benefits to maintaining and continuing various approaches of treatment, even though they may not be measurable. They may be cardiac care and other subsequent issues as a result of the initial injury. Can you tell

me how that would play into the whole concept of too much treatment?

Dr. Michel Lacerte: I'm going to tell you: If you are a tortfeasor, that basically was destroyed by the kids when you got smacked and now you're a quad. You're only dependent upon that \$1 million. That is little money, because over a lifetime that is going to be used very, very quickly, and that's why it needs to be used very judiciously.

When I'm saying "too much treatment," this person will clearly use up the \$1 million and over. The question is that we really want to make sure that what they're receiving in terms of treatment can be justified in terms of high value. And that's not what's happening right now; everything goes.

Mr. Jagmeet Singh: My question for you is about the expert panel. Do you feel that the mandate was limited in the expert panel?

Dr. Michel Lacerte: Of course.

Mr. Jagmeet Singh: And were you satisfied with the mandate?

Dr. Michel Lacerte: The problem is that I've accepted the terms. I got in and I got out.

Mr. Jagmeet Singh: Did you feel that psychological impairments and those issues were under-represented and that the psychologists' voices were not heard because of the modified Delphi methodology?

Dr. Michel Lacerte: To be honest, I would have loved to have a psychiatrist on the expert panel. It was not the case, because folks who deal with catastrophic psychiatric problems are not psychologists.

Mr. Jagmeet Singh: Were you satisfied with the panel members? One lack was that there was not a psychiatrist, which you would have liked to see. Were there other professionals that you would have liked to see that were not there, and were you satisfied with the members?

Dr. Michel Lacerte: I think I was satisfied generally with the members.

I start at the beginning. I want to strengthen what's going on in the hospital, because for catastrophic, frankly, you need to have the multidisciplinary groups to basically deal with the complex injuries. Frankly, it's very disjointed in the community.

I was satisfied with the group. I wish we could have made a comment that we needed to fill the gap, and it's for a group that I have yet to hear about: It's the mild to moderate head injury that bothers me the most. They're the ones that are the most vulnerable, and basically, once you're finished, it's \$50,000.

The Chair (Mr. Bob Delaney): Mr. Lacerte, I'm sorry I have to bring an end to this, but I want to thank you so much for having come in to present to us today and for sharing your findings with the committee.

MS. KATHERINE WOROTNY

The Chair (Mr. Bob Delaney): Our next presentation is Katherine Worotny. Good morning, and welcome.

Ms. Katherine Worotny: Good morning.

The Chair (Mr. Bob Delaney): You'll have 15 minutes to present your thoughts to us this morning, followed by 10 minutes of questioning. This question rotation will begin with the New Democrats. Please begin by introducing yourselves for Hansard and then proceed.

Ms. Katherine Worotny: My name is Katherine Worotny and I am a brain injury survivor. This is Laura Kay. She is the executive director of the Ontario Brain Injury Association. She is here as my mentor, but she's also here in case I get mixed up in my talk; she will help me.

I've come to talk to you today from a survivor's perspective on the changes to the catastrophic definition and what that means to other survivors and to drivers in Ontario who may one day be in a crash. I've come today with a unique perspective. I am a survivor and I give back to the community.

Back in 2001, I was a founding board member of the Brain Injury Association of Windsor/Essex County, and 11 years later I'm still an active board member. As our local survivor representative to the Ontario Brain Injury Association advisory committee, I go to Toronto five times a year. My job is to bring survivor concerns locally to the provincial level. I also help at Chrysalis Day Club. This is a place where adults with acquired brain injury can go each day, Monday to Friday, from 8 o'clock till 4 o'clock. I volunteer there as a leader and I also run the wellness groups. I do that along with the director of the day club and another survivor.

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I would like to pass this book around. This has pictures of my journey. As I'm talking, you can take a look at those.

To be able to do all these things that I've done, I needed a lot of rehabilitation after my car crash. Having medical rehabilitation benefits available really helped me to get better and to regain my life.

Before I tell you how far I've come, first I'd like to tell you what my life was like before my car crash. I was a teacher in life skills and I was a supervisor of six educational assistants and had 21 mentally and physically handicapped students in my class. I represented the Essex County Separate School Board on the Council for Exceptional Children. I was on the education committee for the Essex County Association for Community Living. I was on a committee of teachers that set up an alternative education program for students who had problems with alcohol, drugs, truancy or pregnancy, and I was involved in a lot of the different campaigns like the United Way, the Kidney Foundation, food drives for the Salvation Army, the Downtown Mission, the Drouillard Place and the Well-Come Centre. I was at school most days by 7:30 and I didn't leave much before 5:30.

I was on my way to school one morning. I'm not sure if you're familiar with Windsor and the E.C. Row Expressway, but I got to E.C. Row and Lesperance and I was making a left-hand turn—I had a green arrow—and somebody came through at the red light going towards

Windsor. I was driving a Ford Escort; he was driving a Ford Bronco. Forensic testing says that I did not a seat belt on.

When they took me out of the car, my feet were outside the passenger door and my head was in the glove compartment. I broke the gear shift and the gear shift went in the car and damaged the front window. I had a closed head injury, a broken tibia bone, smashed my knee, fractured my foot. I had a basal fracture in my head. I was in a coma for six weeks and I was in the hospital, from Hôtel-Dieu to Windsor Western. The whole time I was in the hospital was from February 24, 1993, until August 31. I came home for two weeks and then went back to the hospital for another month for medication problems.

I was on life support for a long time. Because I was on life support, I developed scar tissue in my throat. When I was at Windsor Western Hospital, I had to be transferred back to Hôtel-Dieu to have surgery on my throat to get rid of excess skin that grew in there that was causing me to choke. I sound like I have a cold all the time. I have a raspy voice. That's because of the laser surgery and also because when they did that surgery, they found out that I have one vocal cord that's paralyzed. They're not sure if that's from the car crash or from being intubated for six weeks.

When I was at rehab, I had to go speech therapy to learn how to talk, how to read and how to write. Occupational therapy—I had to learn how to feed myself, dress myself, shower and take care of my personal needs, like toileting. I went to physiotherapy. I had to learn how to walk. I was in a wheelchair for about three months. I used a walker for about two months and then a quad cane for about a year. I walked with a regular cane for approximately six years. Then I went to GoodLife Fitness and I paid for a personal trainer to help me to walk without my cane. I have no cane today because of going to GoodLife Fitness and working with a trainer and doing exercises in the mirror.

I spent eight years in rehab. Today, 19 years after my car crash, I still do some therapies. I go to GoodLife Fitness and I do exercises on my knee and I follow a routine for balance exercises. I use an iPod and I sync it with my computer. On my iPod, I have all the appointments and things that are important in my life, because if I didn't have that and didn't have it synchronized, I wouldn't remember where I'm going.

I got my licence back from Hugh MacMillan rehab centre. It was a one-day in-class test. Then I went back there for two weeks of lessons with a driver that was trained to help brain-injured people. I did get my licence back. Sometimes when I'm in the car, going to where I'm going, I get to the corner and I can't remember where I'm going. I can't remember if I'm on my way to go to the day club or if I'm on my way to a doctor's appointment. That's why I have to sync my iPod and my computer together, and I need to look at it all the time.

I also listen to the radio and I read the paper and I watch the news on the TV. I do all three things, listening

to the same things, because I want to be informed and I don't want to look stupid when people are talking about things that are happening in the city or in the country. I can do that very easily—get confused and forget about what's happening—so I try to follow these routines.

I had a lot of behaviour problems after my car crash. At Windsor Western Hospital, I called 911 to get an ambulance to come and take me home, and when they wouldn't do that, I called the police to come and arrest all the nurses. I lost my phone and I had to sign a behaviour contract.

When I came home, I had to have psychological counselling, and I had psychological counselling for eight years to help me deal with the loss and to help me deal with changes in my life.

I was a teacher. I was also a tutor of statistics in university. When I came home, I realized that I couldn't even do the multiplication table. So I went to the adult learning centre to learn math and English from grade 9 to OAC. Even though I was a teacher, I had to have a tutor. The tutor I had was a student who was a peer helper in my life skills program at St. Anne's high school. My first day of class in the adult learning centre, there were four students in my class that I had taught in grade 9. They had quit school and they were back as adults. It was very weird for me to be in school with students that I had taught. I did that for about three years. Then I went to St. Clair College and took some adult education classes. I ended up taking the office administration program.

I never went back to my career as a teacher. I do volunteer work with the Chrysalis Day Club and I volunteer at Hôtel-Dieu trauma services. I help with the PARTY program, which is Prevent Alcohol and Risk-Related Trauma in Youth. Every Friday, students come from different high schools. They go through a mild trauma and they learn about risk-taking and about drinking and driving. I talk to them about my part in my crash by not having a seat belt on, even though I was on an expressway. I talk to them about, yes, the other person ran a light, but I had to take the responsibility that I didn't have a seat belt on.

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The Chair (Mr. Bob Delaney): Katherine, you've got about two minutes to go.

Ms. Katherine Worotny: Okay. I also talked to personal support workers at triOS College. I talked to them about what it was like to have a personal support worker in my life after I came home from the hospital.

I want to just end this by saying I understand that the proposed changes to auto insurance may make it harder for people who are seriously and catastrophically injured to get benefits, including the medical and rehabilitative benefits that they need. This means that they will look to the public system and they will go without therapy. This is troublesome. After an accident or a car crash, people want to get better. I am an example of how, after a crash, someone can be rehabilitated and is able to give back to the community. Without therapy, paid for by my car acci-

dent insurance company, I would not be where I am today.

On behalf of car crash survivors like myself, I would like you to consider how changing the definition and making it harder to get benefits after a crash will affect other crash victims like me.

The Chair (Mr. Bob Delaney): Thank you. I made an error when I said the rotation would start with the NDP. It should start with the opposition. Mr. Yurek.

Mr. Jeff Yurek: Thank you, Katherine, for coming in today. I think it's very important that this committee hears the stories of those who have needed to rely on insurance coverage to deal with their accidents. It's very important.

You briefly mentioned that you wouldn't be where you are today without that coverage. With these new catastrophic changes, if you had come into that gap system where you didn't qualify for the coverage, how do you think your life would be right now?

Ms. Katherine Worotny: If I did not have coverage—first of all, the people from Windsor Western rehab, at the very end of my stay in rehab, they wanted to send me to a nursing home. My parents said, “No, she's not going to a nursing home; she's going back to her own home.” The insurance company paid for me to have—first of all, they paid for me to have nurses with me for the first month, then they paid for personal support workers, then they paid for cabs and they paid for my education at St. Clair College. They paid for me to go and get my licence back. They paid for my independence. They paid for my psychological counselling, which helped me to not kill people. I had so much anger in me. Honest to God, I have picked up a two-foot wooden stool, smashed it on the ground and cracked it in half. If I had thrown that at the person that I wanted to throw it at, I would have killed them.

I really wanted to spend all of my money from my settlement to hire somebody to kill the guy who ran the red light. I had so much anger and hostility in me that this psychologist who worked with me really helped me to see that that's not really what I wanted to do with my life, look at killing people. She helped me to deal with some of the grief—the loss of my career, my profession—and helped me to deal with how, when I get myself in situations where I feel flustered or frustrated, to walk away, walk away from it so that I don't get myself into so many problems by yelling and screaming and carrying on.

Mr. Jeff Yurek: Just quickly, the accident was about 20 years ago. At that time, did you need to hire a lawyer to help you with the process?

Ms. Katherine Worotny: Yes.

Mr. Jeff Yurek: Any comments on how to improve the insurance system that you went through? Is there anything that could be improved upon? Or was it fine and you got what you needed? You seem to be on your way.

Ms. Katherine Worotny: I did not deal with the car insurance people because I really could not understand what they were saying. My parents were my power of at-

torney, and so the insurance company dealt with them. When I got a little bit better and they were calling my house, my lawyer asked that they call him.

I had very, very good coverage, and I can say that I am where I am today because I did have those funds available to me.

The Chair (Mr. Bob Delaney): We'll move to Mr. Natyshak now.

Mr. Taras Natyshak: Thank you so much, Katherine, for coming here today to share your story. It is a true inspiration. I certainly appreciate the advocacy that you continue to do on behalf of those who have suffered a brain injury and the work that you do in the community, the PARTY program. That's delivered through STAG, right?

Ms. Katherine Worotny: It's—

Mr. Taras Natyshak: In conjunction with STAG?

Ms. Katherine Worotny: I'm not sure if it's run with STAG, but it's run through trauma services of Hôtel-Dieu. They run it 17 times a year, and they bring in high school students from all over the county and city.

Mr. Taras Natyshak: Well, STAG put me in a fashion show last year to benefit the PARTY program, and I certainly learned about the need for it.

Also, thank you for documenting your journey. I don't think you ever imagined that that book would be such important evidence at a parliamentary committee hearing, but it clearly shows the process you made over the years. It shows how your family helped you along and reminded you not to be so angry at them, as well. I saw that it said, “Be nice to your family.” I can appreciate those challenges that you faced as you went through your rehabilitation, and continue to.

My colleague Mr. Yurek asked what could be done to make the system better. I think your last remarks were a clear cautionary tale to us to ensure that those who suffer from catastrophic injury have all of the benefits that they can get and are not limited in the scope.

I just want to know how important, from today forward, your ongoing therapy is to you. You mentioned that you go to GoodLife?

Ms. Katherine Worotny: Yes.

Mr. Taras Natyshak: How important is that as a component in your life?

Ms. Katherine Worotny: It is very important because, like I said, I shattered my knee and I broke my tibia bone. My knee is very, very weak, so I need to do those exercises to keep my body moving.

Like I said, I also keep myself informed. My therapies are constant. I feel like I'm in rehab all the time because I have memory problems. I have Laura sitting here following my—she didn't have to help me at all, but sometimes I have word-finding problems, and when I get nervous, I sometimes forget what I'm saying and I can totally forget where I am.

Mr. Taras Natyshak: Thank you for the work that you've done and your contribution as a teacher, as an educator, and thank you for the work that you're doing

today. They're both equally important to our society and our community.

The Chair (Mr. Bob Delaney): Thank you. Ms. Piruzza.

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Mrs. Teresa Piruzza: Katherine, thank you so much for coming here this morning and sharing your journey with us. I know that that's not an easy thing for you to do, to come forward, share your binder with us, which I've gone through in terms of some of the comments and really that whole journey that you've gone through.

This committee, through our review here—it's important for us to hear from every person that's involved with auto insurance, and that includes those that have been in accidents and have had to use the services in order to get better. So I'm pleased that you've come so far along in your journey and that you've come here to share that with us. It was very important for me to hear that from you in terms of understanding the need for those benefits for those that have the type and scope of injuries that you did receive through your car accident.

I don't have any questions for you. I just really want to thank you, again, for sharing your journey. Thank you as well for not only sharing that with us but with the community as well, so that people can learn from that, because that really takes strength and courage for you to do on a regular basis as well in terms of advocating, in terms of working with the association, working with Chrysalis. I think you were saying that you have your mentor. I think you could be a mentor to many as well in terms of how far you've come along and what you're doing for the community. Again, I just wanted to thank you very much.

Ms. Katherine Worotny: You're welcome. Thank you.

The Chair (Mr. Bob Delaney): Katherine, thank you very much for having come in today.

Ms. Katherine Worotny: Thank you.

HON. HOWARD PAWLEY

The Chair (Mr. Bob Delaney): Our next deputation will be from the Honourable Howard Pawley. Good morning, and welcome.

Hon. Howard Pawley: Thank you very much. I appreciate, Mr. Chair, having the opportunity to address you this morning on what has been a very—

The Chair (Mr. Bob Delaney): You've got 15 minutes to present your deputation this morning, followed by up to 10 minutes of questions. This question rotation will start with the NDP. Just, as a formality, begin by introducing yourself for Hansard, and proceed.

Hon. Howard Pawley: I will just introduce myself. I was 19 years in politics, so I'm familiar with the world of politics, like each and every one of you, and the challenges that one is confronted with.

I should say that in 1969, when I was first elected to office—no legislative experience—I was taken aback and surprised when the newly elected Premier Schreyer

contacted me and said, "I want you to look after the red-hot-button issue: automobile insurance." I was surprised he'd asked me—no previous political experience in the Legislature. We established a committee called the feasibility committee—feasibility insofar as whether public automobile insurance ought to be established or not. We travelled throughout the province. We heard from Manitobans. When we returned, we recommended the establishment of public automobile insurance.

Subsequent to that, I became the minister who was responsible for introducing it in the Legislature. We had a minority government; we were short by two votes, but we dared—because of the importance of the issue—members to defeat us on that issue. It was enacted, and I was the first chair of the Manitoba Public Insurance Corp., so I do come with a certain amount of bias this morning, because of what has been a very positive experience.

I want to just have a little fun with you to demonstrate how people have changed their minds on public automobile insurance since the hellish days of 1969 and 1970 when we brought it in and there was tremendous opposition. One of the most negative reporters was a chap by the name of Grant. Grant had just recently written a letter to the media in which he said, "I have lived here long enough to recall the huge negative reaction when the NDP government of the time declared that auto insurance would become public and that had insurance agents fainting dead away, predicting our rates would skyrocket, and public insurance would never do as much as private could do. I was one of those naysayers, and over the years I have had to keep reminding myself how wrong I was. The Manitoba Public Insurance Corp. has not only kept our rates amongst the lowest in the land but also became a major corporate citizen, sponsoring an impressive array of community ventures."

When the decision is made to establish compulsory and universal coverage, it follows that there must be an obligation on the part of government to provide auto insurance at the lowest possible price.

The most effective way of comparing auto insurance programs from province to province is to look at how much of every premium dollar is returned to the ratepayer in the form of claims payments and benefits. This gives us an apples-to-apples comparison. Recent published annual reports illustrate how the administrative costs of the public plan avoid costly administrative duplication and are only one half as much as those incurred by private insurance companies. Public plans return a maximum return of each premium dollar of 85 cents to 90 cents—that's administrative costs. With private plans, the administrative costs range from 65 cents to 70 cents on the premium dollar.

Since 2002, Manitoba's auto insurance cost has increased at a much lower rate, 1.5%, as compared to the countrywide performance of 5.3%—3.5 times less than the national average. Last year and this year, MPI returned just over 90 cents on the dollar.

The inclusion of basic compulsory automobile insurance with the licence plate is the most efficient and economically capable method of delivery. Supplementary auto insurance is also available from either government plans or from private auto insurance companies.

Earlier this year, Statistics Canada put out a report that showed how fast auto insurance rates were increasing all across Canada. Regrettably, I believe we have the highest rates in Ontario, higher than anywhere else in Canada. It found that Manitoba has the best record for keeping auto insurance rates in check. In fact, nationally, auto insurance rates have increased over time at about three times the rate of increase in Manitoba.

The average premium increases over time because of rate increase, decrease and vehicle upgrade. Vehicle upgrades occur when customers move to higher-rated territories and purchase more expensive-rated vehicles. Why not public automobile insurance?

For example, a 21-year-old male with a clean driving record living in Ontario would pay more than six times the rate that we charge, and in Alberta, it would be 2.5 times what the province of Manitoba would charge.

Let me just give you one other quick example. This deals with a 2010 Dodge Grand Caravan and a 35-year-old couple, both with 15-year clean driving records. In Toronto, that would be \$3,763; in Manitoba, \$1,056—more than three times higher.

If approved by the Public Utilities Board—recently, MPI proposed a 6.8% reduction for rates in 2012-13. These rates, then, will become even more favourable compared to other provinces.

Why do public, driver-owned, public-profit auto insurance plans win, hands down, over the private auto insurance systems? Provincial insurance corporations, as the owners of public auto insurance, have every political reason to reduce accidents and claims by insisting on safer driving conditions for their motorists, and pursue traffic safety and loss-prevention programs—i.e. we see it in British Columbia: photo radar. BC has a public plan, as you know, and by the way, so does Saskatchewan, so does Quebec. There's photo radar and larger red lights at intersections.

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In June 2005, Manitoba Public Insurance announced a major anti-theft initiative, where MPI pays 50% of the cost of after-market electronic theft immobilizers and provides interest-free financing of 50% for the customer. Winnipeg has a very serious auto theft problem. Through this initiative, MPI has taken the lead on working with Manitobans to solve it.

In Manitoba, there is no discrimination based on age or sex. Bad motorists are surcharged additional dollars on their driver's permit. That is a fairer way than discriminating based on sex or age.

Investment company reserves are invested in public institutions. In Manitoba there is currently \$2.2 billion in reserves; \$557 million of this is invested in Manitoba schools, hospitals and municipalities. Interest reduces premiums by \$80 for each person.

The founding objectives include being financially self-sufficient, with no subsidies or other assistance from general government revenues, to operate at a financial break-even level over the long term. Also, all public insurance investment earnings, unlike those of the private plans, are returned either by increased benefits or through lower insurance premiums to the motorists themselves rather than to shareholders.

Opportunities are created in the insurance industry. One main, central office operates in the public system rather than maybe via 100 or so outside the province, as is the situation with the current system. A single agency requires one computer system versus scores of varied, costly computer systems. One executive pool is utilized, in contrast to the magnitude employed by private insurers. Advertising, litigation and adjusting costs are all reduced.

To minimize public inconvenience in insurance claims procedures, regional claims centres—23 in Manitoba—minimize public inconvenience in the insurance adjustment procedure. It enjoys a decided advantage in reducing per-vehicle costs of automobile claims. The Manitoba claims centres will frequently ensure that they purchase parts in the local community in which they operate—e.g. window shields.

Financial strength: Fiscal stability equals lower rates. Because it is a single insurer, there is no need for a retained-earnings reserve fund, as is required with private companies. The public plan is backed by the full resources of the government, and substantial savings are garnered. With private plans, estimates of uninsured motorists range to about 10% in some instances. This is clearly not acceptable. In 2010, it's my understanding that over 6,000 drivers were caught in Toronto without insurance. I'm sorry; I don't have the figures for this year and for the province as a whole.

The founding objectives include being financially self-sufficient, with no subsidies or other assistance from general government revenues, to operate at a financial break-even level over the long term.

Independent research shows that Manitoba motorists continue to benefit from some of the lowest insurance rates in Canada for comprehensive coverage, including personal injury protection.

While most insurance companies continue to levy rate increases, Manitoba Public Insurance has provided over a decade of rate stability and about \$600 million in direct payments to Manitobans. Can you imagine that? With rate reductions in three of the last five years, Autopac premiums compare well with inflationary increases.

Basic Autopac rates have remained stable for nearly a decade. This past year, the Public Utilities Board ordered that a dividend be paid to Autopac customers, which means a \$338-million rebate, plus lower rates for most. The dividend gave motorists varying amounts of rebate. It's not unusual for them to range from \$250 to \$350 for that one year.

Ontario and other provinces have legislated reduced benefits, unfortunately and sadly—and this where the

catastrophic comes in, where I think it's basically wrong in principle—where there has been legislation of reduced benefits by putting caps on payments to the victims of crashes in the hope rates will come down, but rates haven't come down elsewhere.

In Ontario there exists a minor role for regulatory bodies in respect to rate applications. Leaving aside the argument about whether the public or private system is preferable, as you've heard from me the last few minutes, there must be an appropriate and strong regulatory body to examine the following issues:

(1) It should examine significant cuts in coverage in auto insurance, resulting in the introduction of deductibles and caps in respect to awards and general damages. Can we be assured the insurance companies are passing all these savings on to the motorists?

(2) Are there costs or expenditures included in rate calculations for Ontario for losses, for adverse experiences encountered in other jurisdictions, including other Canadian provinces that operate with private insurance? If so, should we object to any such inclusion? The question has to be asked.

(3) Is the investment income properly reflected in the rate calculations and being used to reduce premiums or increase benefits?

(4) Is there industry creaming taking place? Some companies offer very low rates by limiting their business to only the least risky motorists. The result of this can be highly unfair rates to younger and risk-prone drivers.

The Chair (Mr. Bob Delaney): Mr. Pawley, you've got about two minutes to go.

Hon. Howard Pawley: Okay, good. Thank you.

(5) Do the rates charged in the various regions reflect the loss experience in that particular region?

(6) Are private companies promoting accident benefit programs, as they do in western Canada, where governments, as the owners of public auto insurance, have every political reason to reduce accidents by insisting and encouraging safer driving conditions for their motorists?

I acknowledge that public ownership is not always the best way to provide service; private ownership is sometimes better. But here, as with medicare and with public utilities, public ownership is the best way to deal with what is clearly an industry burdened with bloated bureaucracy. The need to establish a feasibility study, I suggest, in Ontario is urgent, to obtain opinions of Ontarians and determine whether you wish to go the way of British Columbia, Saskatchewan, Manitoba, and Quebec, which has kind of a half-and-half system. Thank you very much.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Singh.

Mr. Jagmeet Singh: I'll give it to my colleague first to begin, and then I'll wrap up.

Mr. Taras Natyshak: If I may, Premier, personally, it's an incredible honour to sit on a committee that has you as a deputant. This is one that I consider as a real high-water mark already, and I want to thank you for your presentation.

My questions are just to have you reiterate some of the figures that you stated. You said that the Manitoba Public Insurance program, MPI, in 2011 actually proposed a 6.8% rate decrease.

Hon. Howard Pawley: Yes. That was paid by way of a dividend directly to the motorists in the province. I think I gave each of you a copy which demonstrates that over the last 10 years, but it was a major dividend refund to the motorists that was paid.

Mr. Taras Natyshak: Did that proposal coincide with any major adjustments in the levels of benefits that are provided?

Hon. Howard Pawley: No, the benefits remained pretty well intact. Now, again, to the comprehensive insurance, I checked with the Manitoba Public Insurance Corp., and they advised me that a strong plan provides reasonable compensation such as injury to the people that are involved in catastrophic injuries, such as injury assessors, advisers, therapists, physios and everybody else. Most of the money should go to claimants, and the rest should go to services for claimants, paying service providers for truly measurable value. They point out that they have twice strengthened their catastrophic coverage.

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Mr. Taras Natyshak: Quite impressive. Thank you. I'll pass to my colleague.

Mr. Jagmeet Singh: Thank you, Mr. Premier. My questions are related. I'm going to take you through a couple of issues.

Would you agree with me that the claims costs that are incurred by any insurance, whether it's public insurance or an insurance company, are rather directly related to the premiums that they charge?

Hon. Howard Pawley: Well, in this particular case, the premium charges that are levied have been reduced because the administrative costs are only about one half what they are under the private system. Secondly, they're able to return to motorists the interest on over \$2 billion, which is invested in the province. So, much of the advantage they have by way of rates is because of other factors in the claims.

Mr. Jagmeet Singh: It's based on administrative costs.

Hon. Howard Pawley: Yes.

Mr. Jagmeet Singh: We have some conclusive data that's coming, and the rest of it will be coming very shortly, we're anticipating by the end of this month. We have some conclusive data that from 2010, post reforms that occurred in the industry, when you compare the cost per vehicle based on claims to the insurance companies, the average cost per vehicle was around \$700 that the insurance companies here in Ontario were paying—that was their cost. That cost has gone down now to approximately \$300 per vehicle. So the cost has more than halved. It's gone lower than half. Our premiums, though, have only gone down by 0.18%. How does that accord with what you would expect to happen in something like a Manitoba system or a public system?

Hon. Howard Pawley: I'm not really surprised, because in Manitoba, dividends are paid to the motorists. Unfortunately, under the private system, the surplus is not paid back to the motorists; it's paid to the shareholders. Secondly, the administrative costs are double what they are in not just Manitoba, but British Columbia, Saskatchewan and Quebec, which has kind of a half-and-half system. They have public insofar as injury and personal, and private for the property damage.

The Chair (Mr. Bob Delaney): I'll move the rotation to Mr. Naqvi.

Mr. Yasir Naqvi: Good morning, Mr. Pawley. First of all, thank you very much for your public service. For us doing this now, it's always incredible to look up to our predecessors. So thank you very much for being here today.

Based on your comments about the Manitoba system, I'm assuming you must have been very disappointed back in the early 1990s when the Ontario NDP government did not fulfill its promise in the province by not implementing a public insurance system.

Hon. Howard Pawley: I was very, very sorry that they didn't go with it. I think it would have ensured for them a second term. It had been so popular. It became my trademark and probably explains my political success. People would say, "Pawley, Pawley—oh yes, he brought in public auto insurance." I think Bob Rae and the government of the day lost a tremendous opportunity.

Mr. Yasir Naqvi: My understanding of the Manitoba system—I'm not an expert; you are—is that it's based on a set-rate basis, which is paid out to victims, and if there are any changes in conditions, you cannot rely on getting additional payment or by suing. So the benefits are more limited in many respects than what may exist in other provinces. In that light, if I'm correct, do you still think that the Manitoba system is a good one?

Hon. Howard Pawley: The Manitoba system is entirely a no-fault system. I have some reservations about a totally no-fault system. In my day, it was a mix of no-fault and tort. British Columbia, which is public, has a tort system. Its administrative cost levels, all of them, are approximately 15 cents on the dollar. But BC has a tort. I don't understand Saskatchewan, but apparently they have a system by which you can choose tort or the no-fault. And Quebec has the no-fault. I see advantages to the no-fault plan. But on the other hand, I think there are disadvantages, especially to seniors and to young people like students. So I would question the no-fault aspect being the entire form of coverage. I think that does create a problem.

There have been changes to the MPI over the years. As I mentioned, the catastrophic coverage: They've tightened the coverage and improved the coverage, catastrophic-wise, twice in the last short period of time.

Mr. Yasir Naqvi: So if you look at a system which is a public system, the closest comparable to Ontario's would be British Columbia's system as you describe, sort of a no-fault and tort—

Hon. Howard Pawley: It's a tort, yes.

Mr. Yasir Naqvi: This year alone, British Columbia had a rate hike of 11.2%, based on the information that's available to me. How would you reconcile what's happening in a public system like British Columbia versus that of Ontario's private system?

Hon. Howard Pawley: I'll give you an example. I mentioned the 2010 Dodge. That involves the 35-year-old couple, both with 15-year clean driving records. In Ontario you would be paying \$3,763 in Toronto for that; in Vancouver, which is another major city, you'd be paying only \$1,422. So British Columbia has a huge advantage fee-wise with Toronto.

The Chair (Mr. Bob Delaney): Thank you. I'm just going to move the rotation over to Mr. Yurek.

Mr. Jeff Yurek: Thank you, Premier, for coming in today. It has been very informative.

Do you know how many drivers are insured in Manitoba currently?

Hon. Howard Pawley: In Manitoba?

Mr. Jeff Yurek: Manitoba.

Hon. Howard Pawley: Five hundred and seventy-six thousand.

Mr. Jeff Yurek: Five hundred and seventy-six thousand? There are nine million in Ontario, so I'm just trying to get a clear comparison here. Do you know how many claims are made in Manitoba?

Hon. Howard Pawley: Unfortunately, I don't have the number of claims.

Mr. Jeff Yurek: Something we should look into.

Have you looked at New Brunswick's auto insurance model?

Hon. Howard Pawley: Yes, I have—well, not just recently. I know that New Brunswick recommended in 2004—this was an all-party committee—the Manitoba plan, which was quite interesting, and then the Bernard Lord government backed away and never did implement it.

I should just very quickly say that this is a non-partisan issue in the four provinces I mentioned. You won't get a Conservative, you won't get a Liberal, you won't get a New Democrat that would say, "Let's go back to the old days of the private system." It's a non-partisan issue in those three provinces. But New Brunswick, unfortunately, despite an all-party committee, didn't proceed with the public plan.

Mr. Jeff Yurek: Their plan has stabilized their rates also, and it's private.

Comparison of benefits between Manitoba and Ontario: Have you looked at the comparison of what's offered in Ontario in comparison to what's offered in Manitoba?

Hon. Howard Pawley: I haven't examined them precisely as to the benefits. I think they're similar in range, though.

Mr. Jeff Yurek: Would you say—just to go back to my first question—in Manitoba if there were nine million drivers compared to 500,000, would you think the rebates and savings would all be the same in the system?

Hon. Howard Pawley: I think they could be the same. I think the dollar amount would be much larger, of course. I think this is where Ontario has an opportunity, with the large number of motorists that they have. They could be using much more money, establishing reserves, separate funds for helping hospitals and schools and whatnot out. There's a tremendous opportunity for Ontario.

I feel that the Rae government missed the opportunity in the early 1990s, and I've told them so. Interestingly, I told them at the time, "You've missed your opportunity for a second term in government." When we were elected in 1969, a minority government; in 1973, guess what the big plus was? Automobile insurance, and we were re-elected with a majority government.

The Chair (Mr. Bob Delaney): Thank you very much, Mr. Pawley, for having come in to share your wisdom with us.

Hon. Howard Pawley: Thank you very much. It has been a pleasure.

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MS. VICTORIA CROSS

The Chair (Mr. Bob Delaney): Our final deputation for the morning comes from Victoria Cross. Good morning and thanks for joining us.

Ms. Victoria Cross: Thank you. It's a real pleasure to be here.

The Chair (Mr. Bob Delaney): You will have 15 minutes for your deputation followed by up to 10 minutes of questioning. This rotation will begin with the government. Please state your name for Hansard and proceed.

Ms. Victoria Cross: My name is Victoria Cross, and yes, that's my real name. I'm a lawyer here in Windsor. I'm a general practice lawyer, so I'm not active with OTLA, but I want to thank the OTLA for its presentation. I also want to thank the victims who you have heard from in your travels and dear Ms. Worotny today. Of course, I want to thank Howard Pawley. He is my good friend and a mentor. It's an honour to follow him. He's a tough act to follow, so be nice.

I want to make three points. I tend to be fairly direct, so my first point is very emphatic: I recommend that this committee expand its mandate to include serious, intense, short-time-limited public review of the various public models of auto insurance in Canada for the express purpose of developing a made-in-Ontario public auto insurance plan. We can talk about how that can be done. Second, I want to debunk a few myths and misunderstandings about auto insurance. Third—and this may be even the most imperative—I am going to make an appeal for this committee to take strong recommendations on the comprehensive European trade agreement, so all of Ontario's future or potential public enterprises and present ones are protected before it's too late.

With regard to this committee's ability to function, I certainly don't want to tell the Legislature how to operate. I have glanced at the rules, and I think you can draft

a recommendation to the Legislature for a vote when it reconvenes to have the committee's mandate expanded, a proper budget allocated and have a reasonable time for review. I've gone to the trouble to assist you with the New Brunswick report and helpfully included their resolution that set their all-party committee on the road. So you don't even have to really reinvent the wheel; I'm sure there are some similarities in procedure. That's attached to my presentation.

On the other hand, the Minister of Finance might not prefer to have a legislative vote on this issue. The Financial Services Commission of Ontario is preparing for its mandated five-year review of services. All of the auto-insurance-related objectives in its most recent statement of priorities and strategic direction can be met with convening such a public review, and such objectives may be easily amended to include such a review without having to, I believe, go to the Legislature on the matter. Thus, this government of the day could complete and begin carrying out an auto insurance plan before the end of its electoral life.

The next point that I want to make is on some of the myths and misconceptions about auto insurance. I think that Professor, Premier, Order of Canada recipient Pawley made it very clear that auto insurance is not dead as an issue. That was another Premier; that was another time. We've had 20 years to review our no-fault system and deal with successive periods of increases, regulation and re-regulation.

Some can argue that Ontarians prefer our much-revised, modified tort and enhanced no-fault insurance system. This is how it's provided. Wrong: Insurance providers prefer it.

These are some of the cries that you've heard from the heart of our province:

We need a clear, public monitoring of the insurance industry.

Injured parties in auto accidents need to be treated as whole beings. We need to look at the whole patient when it comes to auto insurance. We need to spend as much time worrying about the property damage side and the collision side and the cost of car repairs and the rising cost of mechanical services and property damage as we have been spending on the intense scrutiny of 1% to 2% of those who are injured in auto accidents—those persons who are suffering under catastrophic accidents. It is wrong to make those who are most injured bear the burden of the system or, by definition alone, guarantee them to be kept miserable by check box and protocol.

It is wrong to return, through the back door, to the days when psychological benefits are limited, and we are left with a meat-chart vision of a person, relying on a capped percentage of impairment. That view is supported by the Insurance Bureau of Canada, though the IBC has never provided scientific or medical evidence of their view, which appears to be solely based on economic factors.

We need lower rates, and rates that will continue to be affordable for persons who are low-income; most par-

ticularly—I was thinking about Ms. Worotny's presentation; I'm betting she had an employer-based group plan that topped up her basic benefits as well. So many people—the downward pressure on wages, the number of layoffs, the cuts to post-retirement benefits etc. are creating a situation where people have fewer and fewer options.

Fewer young people are choosing to drive, or have chosen to put off learning to drive, due in part to the cost of insurance.

Insurance benefits have to be better coordinated with OHIP, Ontario disability support payments and other support systems.

Redlining must end. A reassessment of the insurance-company-created, FSCO-approved, up to 55 potential territories—that may be as small as 2,500 people—is redlining by another name. Don't let them dress it up and take it out another way. By using that kind of redlining, they're using neighbourhoods and communities to give an unholy ghost life to racial discrimination.

Driver-based fees are the best way to be fair. Individual driving records should be the predominant, if not the only method, of determining rates.

A tort component, I believe, must remain in the system to ensure justice for people.

As Mr. Pawley expressed, driver-owned, publicly administered auto insurance is not an idea reserved for one political party or another, though I will point out it was the Filmon government in Manitoba that took away the tort option. That was a Tory government.

Public auto insurance is perceived as old-fashioned and not keeping up with our technology in our world. Well, one of the jobs of this committee is to make sure that the financial services that Ontarians use are fair and honest, particularly in dealing with banking and other financial services over the Internet. No matter, again, how you address it—and I'm going to take it out—when you go on the Internet to order auto insurance, you've still got to pay and choose. That's all it is. We already have a platform in Ontario to deliver services by Internet.

There's not a one-size-fits-all plan for auto insurance. Ontario can create its own plan. We don't have to reinvent the wheel, though, because we have all the examples across the country to draw from. We can pick and choose. We have had auto insurance in Ontario since 1945. It's been around longer than our treasured health insurance system.

Public auto insurance is not bureaucratic or inefficient. One of the things I love about the Insurance Bureau, they always talk about how it's going to put the province in legal conflict because the province will be having to litigate against citizens. Well, I'm sorry; the province, through the prosecutorial system that we have, often litigates against citizens, and it hasn't put us in a conflict of interest. That's how the justice system works.

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I do want to say something very important. International agreements will not keep us from setting up a plan. The Lord government retreated in part or in whole

because of fears about NAFTA and GATS. That is only true if we let those fears take over. The left and the right in this province have been captured by their own rhetoric about what these trade agreements will mean for insurance. According to Steve Shrybman and Scott Sinclair, NAFTA and GATS are navigable concerns. However, recent opinions regarding the comprehensive European trade agreement may interfere.

Yesterday, Shrybman's—and I'm happy to give this to the committee. It's 21 pages long—my little one-horse law office operation. I just thought the committee might want a copy of that for everyone. GATS and NAFTA are not as much of a concern. However, CETA involves the provinces in decision-making in a way that NAFTA and GATS do not. The province of Ontario unfortunately has not taken the time or interest, or perhaps has decided not to involve itself in the CETA process.

This comprehensive treaty with Europe is centred around a number of services, but financial services are very important. The Europeans have already done the set-asides for their public entities, but it appears—especially since Mr. Shrybman was able to obtain some documents that I have not yet seen but this committee might wish to also review—that the province has not stepped up to protect all our public entities.

We're in a brand new world with financial services—

The Chair (Mr. Bob Delaney): I'd just like to remind you that you've got two minutes to go.

Ms. Victoria Cross: Right—and dozens of towns and cities in Ontario have already stepped up and said, "We want the government to intervene with CETA." When it comes to trial lawyers and international trade lawyers, I assure you that if you can find international trade lawyers to talk you out of doing something, you can find some that will help to make sure it's safe.

In questioning, I can perhaps talk more about GATS, but I want to say this: Since the G20, the Occupy movement and the protests in Quebec, it's time we recognized that citizens in this province and right across the country are fed up with governments that see themselves as middle management for corporations, including financial services corporations. We still have an opportunity to have government respond in a positive way to its citizens and make their lives just a little bit better. I'm sure it's tough, and I'm sure Mr. Pawley would be happy to tell you how he had to take the insurance companies head-on in Manitoba and survived. But I don't think anyone on this panel would want to be less courageous than Mr. Pawley. Times are not that different than they were in 1971.

Thank you very much for taking the time to pay attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Ms. Cross, for your presentation. A point of clarification based on your presentation: Do you agree with the NDP's proposal to take territories out when rates are being calculated?

Ms. Victoria Cross: I know that in other provinces, there are perhaps three to five territories. In this province,

there are 55 territories available to insurance companies, some of which could be as small as 2,500. That I got from the testimony from May 28. I think that's something that—you know, the FSCO has been rubber-stamping these requests over and over again. There's not enough time or energy to go over these; the FSCO has other things that they have to administer: co-ops and other things—

Mr. Yasir Naqvi: I was just hoping you can answer my question. Do you agree with that proposal to take territories out when rates are determined, or you don't disagree with that?

Ms. Victoria Cross: I would not put that in a yes or no. I think you're making it too hard. Territories, the three to five urban, rural, perhaps exurban—that's not a big deal. But when you've got neighbourhoods like in Bramalea, where you've got perhaps very tiny territories set up, then that's redlining by any other name.

Mr. Yasir Naqvi: So even in a situation where the result would be higher insurance rates, let's say, for Windsor or other parts of the province, you will still support narrowing down or expanding the territories?

Ms. Victoria Cross: Not without a public auto insurance system that can deal with other issues at the same time. If you take one of these issues out of the mix, what you're doing is just cherry-picking an issue that may or may not solve a problem. You're just adding more regulation on top of more regulation on top of more regulation. By the way, CETA might even prevent those activities unless the province of Ontario steps up.

What I'm suggesting is, if we are going—

Mr. Yasir Naqvi: I have very limited time here—he's going to cut me off very soon—so I'm just trying to get to some key issues here to get a better understanding.

We're not looking at public auto insurance because that's not the mandate of this committee—

Ms. Victoria Cross: Are you never going to look at public auto insurance?

Mr. Yasir Naqvi: That's not my determination to make.

Ms. Victoria Cross: I just want to be sure, because—

Mr. Yasir Naqvi: In the current context, do you still support narrowing the number of territories, even if that means increased rates for cities like Windsor and other areas outside of the GTA?

Ms. Victoria Cross: I do not support narrowing territories as a tool to discriminate against drivers. All decisions, and the primary decisions, should be made on the individual driver's risk. It shouldn't be about age; it shouldn't be about marital status or gender—which, by the way, the IBC admits are still in their rate-setting process.

Mr. Yasir Naqvi: Thank you, Chair.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. Can you give us your thoughts on the proposed changes to catastrophic? We've heard from the Ontario Trial Lawyers. I'd like to hear from another lawyer.

Ms. Victoria Cross: Well, the reason I am a general practice lawyer is because I often refer out things that are not my specific skill. What I do want to suggest is that Ontario Trial Lawyers has given an effective and smart presentation, and paying attention to that is probably a really good idea.

In terms of catastrophic and serious, non-serious, again, when you are just taking one element of the entire problem—I mean, now that we have discovered the Higgs boson, let's talk about how atoms hold together. If you just take one out of the mix and deal with that one thing without confronting the mare's nest, the tangled web of insurance regulation, then all you're doing is making it worse for people, not better.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Thank you very much for your presentation. I really enjoyed it.

Just to pick up on my colleague Mr. Naqvi's question, a Liberal member of provincial Parliament, Mr. Sergio, an honourable member, wanted to eliminate territories across the entire province and get rid of all territories whatsoever. The NDP proposal was a little bit different. It was proposing that areas like the GTA, which has up to 10 different territories with very minimal kilometres separating them—they're very similar neighbourhoods, but there is disparity as much as 2.5 times higher from one region to another. The NDP proposal in my private member's bill was to get rid of that further subdivision so that the divisions of Windsor or northern Ontario or rural communities would remain—those areas could remain as subdivided areas—but something like the greater Toronto area would be one area and rates would stabilize within that area, so that people who were good drivers but living in a "bad" area who were getting high rates because they lived in what was deemed a bad area would then get a savings, and for those who were bad drivers but were living in what was deemed a good area and were getting an unfair savings, their rates would go back up and the driving record would be the primary driver. Is that something that makes sense to you and is that something that you agree with?

Ms. Victoria Cross: Absolutely. I assume people from Jane and Finch occasionally drive past Rosedale.

What I would suggest is that in Ontario, we have an urban mix. We have smaller urban; there are rural issues. My heavens, you can drive across a good part of northern Ontario and not run into another car for hours—literally or figuratively. In a situation like Toronto, which has a high-density population—I think that all of Toronto could be easily seen as one area.

Mr. Jagmeet Singh: You touched on a number of areas. One area I was wondering if you could give perhaps your remarks on: One of the leading drivers of why premium rates are higher or lower is the overall costs that insurance companies incur. We've seen that the costs that insurance companies have incurred have reduced significantly from pre-2010 to post-2010. The reforms have resulted in a savings of almost 50% in terms of the costs.

Given that we've seen a reduction in the costs that are incurred by insurance companies, do you think that this issue of reducing fraud, which is a small piece of this cost puzzle, is a bit of a red herring? We've already seen a reduction of almost 50%, but our premiums haven't reduced at all.

Ms. Victoria Cross: That fraud number has been banded about for over 20 years. It's \$1.3 billion. It was \$1.3 billion in 1972, \$1.3 billion in 2003, \$1.3 billion now.

The other thing is, we're dealing with multinational insurance companies. Why should the people of Ontario be paying for premiums that cover the costs and benefits to people in Florida or Bulgaria? Italy has the highest alleged fraud rate in Europe. If we don't protect our ability to determine our own rates in our own province for our own people, what's going to happen after CETA comes into place? Are we going to have Italian insurance companies coming in to decide, "Oh, gee, we won't have to pay out so many premiums here, so?"—

The Chair (Mr. Bob Delaney): On this topic, I think that's a good place to end for the morning. Thank you very much for having come in to share your thoughts with us.

To committee members, we are in recess until 12:45 p.m. this afternoon. I'd like to ask you to be particularly punctual because our first deputation is by teleconference, which has been prearranged.

We are in recess.

The committee recessed from 1132 to 1251.

The Chair (Mr. Bob Delaney): We are here to resume our study of the auto insurance industry. Just before we get to our first deputation, I believe we have a request of legislative research. Mr. Natyshak.

Mr. Taras Natyshak: Thank you very much, Chair. Let me get my stuff in order here, if you would.

I ask the committee researcher to produce a report that shows the changes in average premiums on a provincial riding-by-riding basis in the Toronto census metropolitan area, CMA, if the current industry-defined territories were replaced by one larger Toronto CMA territory. The change would be based on full-year 2011 claims and premium data. If the committee researcher is unable to produce such a report because of the inability to access the relevant claims and premium data, the committee asks the researcher to provide a detailed explanation as to why the appropriate data cannot be accessed, where the relevant data presently resides and suggestions as to how to obtain the relevant data. The report, or an explanation as to why the report can't be produced at the present time, should be distributed to the committee by August 22, 2012.

The second request is that the committee researcher produce a report comparing the profitability of auto insurance underwriting in Ontario for the calendar year 2011 to 2010. If the committee researcher is unable to produce such a report because of the inability to access the relevant financial data, the committee asks the researcher to provide a detailed explanation as to why the appropriate data cannot be accessed, where the relevant

data presently resides and suggestions as to how to obtain the relevant data so that the report may be produced. The report, or an explanation as to why the report can't be produced at the present time, should be distributed to the committee by August 22, 2012.

As well, I request that the research officer provide a summary of presentations by August 22 to the committee members.

The Chair (Mr. Bob Delaney): Okay. The request is in order. Is there any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: Perhaps a friendly amendment, Chair, on the first request. Mr. Natyshak was reading really, really fast.

Mr. Taras Natyshak: I apologize. I can provide copies—

Mr. Yasir Naqvi: It would be great if you can get a copy of your request as well in writing, but I think on the first one, where he asked for the impact, riding by riding, within the greater Toronto area if one territory is created—Taras, I think that was the first thing that you asked?

Mr. Taras Natyshak: Yes.

Mr. Yasir Naqvi: I was hoping then, research, if we can also have what impact that may have on the rest of the province.

The Chair (Mr. Bob Delaney): Just to clarify, it's not a motion; it is a request. The request to the researcher to undertake some research is, in fact, in order. The researcher now has Mr. Naqvi's suggestion as well.

Any further discussion? Mr. Yurek.

Mr. Jeff Yurek: I would like to add to the request of the researcher that we include not only average premiums, but also average claims on the provincial riding-by-riding basis, and also, on the first motion, that it wouldn't be just based on 2011 claims. Let's get a full scope from January 2000 until now.

Did you move a second motion, too? I wasn't really listening.

Mr. Jagmeet Singh: We did the second request, too.

Mr. Jeff Yurek: And the second request, I'm just recommending that we are just removing the calendar year 2011 compared to 2010 and just making it between the period of January 2000 to July 11, 2012; as well, adding in a comparison between the profitability of auto insurance underwriting in Ontario and the performance of the TSX and the New York Stock Exchange during this time period.

The Chair (Mr. Bob Delaney): Any other discussion? Mr. Natyshak.

Mr. Taras Natyshak: We're all proposing individual, separate research requests, are we not? Or are we—

The Chair (Mr. Bob Delaney): Doctoral dissertations have been built on much less.

Mr. Taras Natyshak: I can imagine.

Mr. Jagmeet Singh: Just to clarify, my colleague Mr. Yurek's request fits in very easily with what has been requested, so I think that I should be a part of the same request. It's just broadening the scope of what's already in there. It flows very naturally.

I don't have an issue with my colleague Mr. Naqvi's request, but it just doesn't fit into what's being asked here. What's being asked in motion one is just looking at Toronto and, if we got rid of the ratings in Toronto alone, the impact in Toronto—what would happen if it went up and down, not actually looking at the rest of the province. It's specifically saying if we kept the impact localized to Toronto, what would be the impact riding by riding, not actually factoring in the rest of the province, which is a different request. It's not—

The Chair (Mr. Bob Delaney): As members, it's your privilege to make the request that the NDP made and it's Mr. Naqvi's privilege to make the request that he made and Mr. Yurek's privilege to make the request that he made. The Chair is just trying to summarize it all in one word: Yes.

Anything further?

Mr. Taras Natyshak: Just again for clarification: We would be amenable to Mr. Yurek's additions to our request because they fit in seamlessly with the data that we're looking for. If Mr. Naqvi is looking for subsequent data involving different metrics, then I'm of the understanding that he's posing another separate request aside from these three that we have—

Mr. Yasir Naqvi: So let me make that request.

The Chair (Mr. Bob Delaney): So noted.

Mr. Yasir Naqvi: My request is that when the researcher does the analysis on a riding-by-riding basis in the Toronto census metropolitan area as to the impact of one territory and how the rates may go up and down in the greater Toronto area, that they also do what the impact would be on the rates across the province in other CMAs as well.

The Chair (Mr. Bob Delaney): All right. Let's see what our researcher can do with these requests.

Anything further before we move to our first deputation? Okay.

BRAIN INJURY ASSOCIATION OF THUNDER BAY AND AREA

The Chair (Mr. Bob Delaney): Our first deputation of the afternoon comes from the Brain Injury Association of Thunder Bay and Area. Via teleconference with us are Janet Heitanen and Karen Pontello. Are you with us?

Ms. Karen Pontello: Yes, we are.

The Chair (Mr. Bob Delaney): Sorry for the short delay.

Ms. Karen Pontello: That's okay.

The Chair (Mr. Bob Delaney): You'll have 15 minutes to make your presentation to the committee. We're sitting in Windsor and you're addressing members of all three political parties. After you've made your deputations, there will be up to 10 minutes of questions. The first round of questions will come from the official opposition. Before you get started, please introduce yourselves for Hansard and then proceed.

Ms. Karen Pontello: My name is Karen Pontello. I am a board member of the Brain Injury Association of Thunder Bay and Area.

Ms. Janet Heitanen: And my name is Janet Heitanen and I'm also a board member of the Brain Injury Association of Thunder Bay and Area.

Ms. Karen Pontello: I'm Karen. Karen will be presenting.

The Brain Injury Association of Thunder Bay and Area, which is the regional representation of the Ontario Brain Injury Association, would like to present the following concerns regarding the changes to the cat determination for individuals with traumatic brain injuries, referred to later in this report as TBI.

We thank you for the opportunity to present. The brain injury association's main objectives are to provide support and information assistance to individuals and family members living with the effects of brain injury in Thunder Bay and area, from White River to the Manitoba border; to provide education and information that will increase public and professional awareness of the needs of people living with the effects of brain injury; and to work with organizations with similar goals to enhance opportunities and remove barriers to community participation for people living with the effects of brain injury. With these objectives in mind, we present to you our opinion about the changes to the definition of catastrophic impairment, particularly for people with TBIs.

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In supporting people who have sustained brain injuries in motor vehicle collisions, we believe that individuals require a system that emphasizes integrity in the areas of access, accountability, fairness, transparency, consistency and expertise as outlined below.

(1) Access to medical and rehabilitation care: Individuals with TBI require access to care that is available to them in a responsive and timely manner. Individuals require care that addresses their needs at the point in time when it is important for them. In order to access care, funding from their accident benefits must be available for medical and rehab services.

In the current system, individuals with brain injuries who are identified to be catastrophically impaired have access to funds for services when they need them throughout their lifetime. The stipulation on the proposed interim cat determination that requires individuals to be treated in an in-patient neurological facility, outpatient rehab program or day-patient rehab program may limit access, particularly if these rehabilitation services are not immediately available in the larger centre of Thunder Bay or if the interest of the individual is to stay in their home community, which is in the rural areas in the district. At times, also, the need for therapy to occur in an individual's home may be in his or her best interests.

The panel must consider that appropriate neurological rehabilitation may be limited by geography and the availability of services in smaller communities. Consideration of flexibility in this recommendation is required in smaller rural areas and for those individuals who would

benefit from remaining in their home community while receiving rehabilitation services. Moving to a larger city to receive appropriate neurological rehabilitation may not be the best option for individuals who require the support of family and friends while they are receiving rehabilitation. Individual choice for people with TBI is recommended, along with input from the primary care specialist or health practitioner. Currently, families and individuals have reassurance that benefits are available if they need them at any point in the course of their recovery throughout their lifetime.

With the proposed changes, individuals and families will be uncertain if they have access to benefits over a lifetime, particularly if they have been awarded interim catastrophic designation. The fact that this interim cat designation may be removed will add stress to individuals suffering from a brain injury. The panel's proposal that final cat determination for lower-level moderate disability should not be completed until one year post is well taken, as long as this cannot be extended. If after one year an individual is still in need of care, it is likely that the individual will require access to ongoing medical and rehabilitation care as needed throughout their lifetime to continue to make gains towards recovery. It is apparent that under the proposed changes, access to medical and rehabilitation is questionable and uncertain, depending on how the legislation is outlined for individuals following the one-year mark.

The proposed change for removing the Glasgow coma scale used for cat determination, for TBI individuals who are impaired in completion of their daily activities, considering work and other activities, and who are left with a choice of working and being limited in other activities or completing other activities and being unable to work, may no longer meet the catastrophic threshold using the Glasgow outcome scale extended. These people are most vulnerable in the system, as they will fall through the cracks and suffer hardship in trying to manage all activities while living with a TBI. These individuals currently access services when needed, as determined by their health care professional. Without the cat funding available, these individuals will place increased burden on the OHIP system when the non-cat \$50,000 limit is depleted. These individuals with moderate TBI will go without needed services that are required to balance activities when living with a TBI. They will require services, and may end up in social systems that have long waiting lists and are not set up to meet the needs of individuals with brain injuries.

The proposed change for limiting the combining of impairments and determining cat designation related to whole person impairment is problematic. Individuals who suffer mild to moderate TBI, along with other psychological impairments such as depression, post-traumatic stress disorder and orthopaedic injuries, deal with the combined effect of each impairment on a daily basis. A person cannot be separated into various impairments in isolation. When considering this, a brain injury and depression are exclusively different issues and need to have

a rating for each impairment added cumulatively to the calculation of whole person impairment when a physical impairment exists as well. Function is determined as a whole. The panel needs to reconsider the whole person impairment rating for many individuals with TBI. Their cognitive limitations are significantly impacted by co-existing psychological and physical impairment which negatively affect overall day-to-day functions. Removing the combined whole person impairment rating will limit access to services for individuals who have severely impaired and significant functional limitations in the completion of daily activities.

(2) Accountability, fairness and transparency: Individuals with TBI require their insurance companies to be accountable and fair in managing claims based on medical rehabilitation need. Insurance companies are not responsible for determining need. The management of medical and rehabilitation benefit under the SABS requires transparency so that individuals can receive services to manage the brain injury even when the insurer questions individual need.

The need of the individual who is seriously injured must take priority over mandates that are not always clear to the individual suffering from a brain injury. Insurers currently can deny treatment plans without requiring a second opinion from an equivalent professional assessor and suspend services until the assessment is completed. The ability of the insurance company to question need is considered okay if the individual can continue with services until the need is determined not to be required based on expert opinion. The process of suspending services while need for service is being questioned is unfair and decreases transparency and accountability within the process. The proposed changes may impede accountability, fairness and transparency as interim cat benefits can be taken away at some point in the one- or two-year mark. However, the process for this is not clearly outlined. Without clear criteria and procedures for a change in cat determination, the system appears less fair and out of an individual's control.

(3) Consistency: Individuals with TBI require their insurance company to maintain consistency of care as they manage the claims process. For example, a claimant receiving medical and rehabilitation services should have these services continue while insurance examinations are being conducted. For individuals with significant injuries, consistent services are required to maintain the gains achieved in treatment. It is not clear how continuation of services will be addressed as cat determination is being reconsidered with the interim cat designation.

For individuals with TBI, the medical and rehabilitation services assist them with increasing function and maintaining gains. The panel must consider the continuation of services while insurance examinations are being conducted and disputes are being resolved. If the individual's current services are put on hold or removed through the redetermination of cat process, they may not maintain the progress made in treatment or further gains. These individuals will not be able to afford to maintain

services on their own while waiting, due to the high cost for services in the private system. Individuals who have the interim cat designation removed and lose function as a result should have the option of being reassessed for the cat designation using the Glasgow outcome scale extended at the time that function deteriorates. Consistency of services throughout a lifetime, when needed, is important for maximizing function.

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(4) Experience and expertise: Therapists and practitioners treating individuals with TBI and those completing insurance examinations should be using the same frame of reference when assessing individuals' medical and rehabilitation needs. It is not okay for insurance examiners to have less experience than the treating providers, as opinions may not be reliable or consistent.

Therapists, medical practitioners, neuropsychologists and psychologists who routinely treat individuals with TBI have developed a level of practice that exceeds those who provide intervention for one or two cat cases. It is apparent that differences of opinion often stem from this lack of expertise in assessing and treating seriously injured and catastrophically impaired individuals.

The introduction of the Glasgow outcome scale extended will increase the need for practitioners to understand how an individual with a moderate-to-severe TBI functions routinely in day-to-day activities. In order to determine cat impairment, medical practitioners, therapists, psychologists etc. must understand the cognitive and associated functional limitations that are seen in individuals who are often physically independent but are cognitively impaired.

Increased expertise and experience may be needed in conducting these assessments at the three-month, six-month and one-year points post-brain injury.

The Chair (Mr. Bob Delaney): I'd just like to point out you've got about two minutes to go.

Ms. Karen Pontello: In summary, we believe that the availability of medical and rehabilitation benefits to individuals with TBI early in the process is essential for functional recovery. Given the nature of traumatic brain injury recovery, it is acknowledged that determining functional potential is difficult for health care practitioners to project, as each individual follows his or her own course of recovery.

It is important that individuals with TBI continue to have access to services based on their identified needs throughout a lifetime. This access to services based on needs is the cornerstone in the insurance system and is what individuals paid for when they entered into insurance agreements.

We feel that individuals with TBI require access to care that is consistent and offered by experts in the field within a system that is fair, transparent and accountable. This is essential for individuals with TBI to regain some hope following injury, improve their quality of life in living with significant brain injury, and to promote engagement in meaningful activities. If the funding is not available to individuals with TBI for these purposes,

these people will have limited hope as they face their future.

Thank you for consideration of our concerns.

The Chair (Mr. Bob Delaney): And thank you. Mr. Yurek.

Mr. Jeff Yurek: Good afternoon. Thanks for calling in. How's the weather up there?

Ms. Karen Pontello: It's nice.

Mr. Jeff Yurek: My question to you is, before I hit the catastrophic, just with regard to the 2010 changes with the cap on assessment costs: How has that affected your clients, if at all?

Ms. Karen Pontello: What we find is that if we have to travel or if the assessors have to travel to a rural area—so they might fly into Thunder Bay from Toronto, because oftentimes the assessors are coming from Toronto. The cost to travel, which is included in the overall cost, takes away from the assessment. So the \$2,000 cap is not enough when travel costs are considered in the rural areas. That's a big issue for us.

Mr. Jeff Yurek: It's a big one. And with regard to these changes in catastrophic, you're thinking, because you're rural and away from major centres, that the designation as catastrophic will be delayed and therefore that is bad; correct?

Ms. Karen Pontello: Yes. When you say "designation as catastrophic," you mean the interim cat designation for treatment?

Mr. Jeff Yurek: Both.

Ms. Karen Pontello: Okay. Yes, we do believe that. There is limited service in rural areas, so there needs to be some access in those areas so that the clients can get started in the system.

Mr. Jeff Yurek: Any suggestions as to how we should proceed with helping those people out?

Ms. Karen Pontello: I'm just wondering if increased education of ERs—some of those areas might be helpful, so that if a client has a brain injury on admission to the emergency room, they are given information on how to proceed with getting that cat determination, particularly if their Glasgow coma scale is nine or less. I think we could get the emergency response system to look at that.

In my experience with clients under the GCS, I think actually there are not too many clients with a GCS of nine or lower who would end up showing up better on the GOSE later on. I feel that it's quite comparable.

Ms. Janet Heitanen: I would just like to add to what Karen said—this is Janet speaking—that as a nurse, I think it's important to have the education in the ER, but also with the family physicians who are then going to take over the care once the admission happens.

The Chair (Mr. Bob Delaney): Okay. I'm just going to move the rotation over to the New Democrats. Mr. Singh.

Mr. Jagmeet Singh: Thank you so much for your presentation. My name is Jagmeet Singh. I just wanted to touch on a couple of points. One is, you mentioned that in rural communities, the \$2,000 cap is limited because of travel. What about the suggestion or idea of having a

separate component of the cap set aside for travel? Your feelings on that?

Ms. Karen Pontello: That would be outstanding. That happened before we were able to look at travel being separate. Then, since 2010, they have combined it. So what happens, particularly for the real expert exams—and this can be problematic—is that a company who maybe understands how much work and how much detail is required in an expert exam for a client who is catastrophically impaired from a brain injury would not be able to do it, including travel costs, for the \$2,000. Someone who doesn't get it might say, "I can do it," but you're not going to get the expert-type assessment.

Mr. Jagmeet Singh: Thank you for that. What about the new requirement that may require family physicians to sign off on all treatment plans and the impact to people in Thunder Bay or rural communities and their access to doctors, and how that would impact their treatment plans?

Ms. Karen Pontello: Now, I was looking for that because Janet had mentioned it was in there. You mean all treatment plans, including therapists and everything?

Mr. Jagmeet Singh: Yes, everything. I think the proposal is going to be that everything has to be signed off by a family physician.

Ms. Janet Heitanen: I'd like to speak to that. It's Janet speaking. I think in rural communities, one of the big problems is we are very understaffed in medical personnel, family doctors. Many people in Thunder Bay, thousands, do not have family doctors, which I think would be one concern. Also, family physicians typically are very slow in their paperwork because they have case-loads, particularly up here, I think, and in Sault Ste Marie, where I came to Thunder Bay from. I think that will delay treatment. I think that will overburden both the physician system and the catastrophically impaired or [inaudible] person in that they won't get the help immediately because—I know that you could wait three months for paperwork to get done because the physicians just—

Mr. Jagmeet Singh: I understand; thank you. I just want to squeeze in one quick question before my time is up. There's also talk about including a whole host of other tests: the Glasgow standard, the GAF, the AMA spinal code guidelines. How is this going to impact your ability to get a clear assessment of someone who is determined to be cat or not?

Ms. Karen Pontello: You mean in terms of specialized assessors?

Mr. Jagmeet Singh: Just in terms of even the initial determination. There's talk about including a host of other tests to kind of complicate the test as it is already, other indicators like mixing in the AMA spinal code guidelines with the Glasgow extended scale, as well as the GAF—

The Chair (Mr. Bob Delaney): I'm sorry, the question took a little bit too long to ask. I'm going to have to move in the rotation over to Mr. Naqvi.

Mr. Yasir Naqvi: Karen, go ahead and answer the question.

Ms. Karen Pontello: What will happen is I would think that some people will be trained to do it and others won't. So while people are understanding how to do it or learning how to do it, there will be people who go without service or fall through the system. When I looked at the GOSE, I was looking at some of the validity and inter-rater reliability associated with it, and looking at what lies in between every question, particularly when you're dealing with clients who have functional impairments. If you just looked for it at face value when someone doesn't understand the significance of a brain injury, let's say, on top of function, they're going to say, "Oh yeah, for sure, the client can stay alone for eight hours," or "For sure, the client can get to work," and not truly understand the impact of how overall function is on those activities. So I really do believe that with [inaudible] situations, as well as with spinal cord injuries and the psychological, if people are not trained for that expert opinion, you're going to be dealing with a lot of disputes and a lot of money spent out of clients' cases regarding that.

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Mr. Yasir Naqvi: Great. Thank you very much. I think you've answered all the questions that we had. Thank you for your deputation.

Ms. Karen Pontello: Thank you so much.

The Chair (Mr. Bob Delaney): And thank you very much.

CHAPMAN GORDON GARDIN STEWART LLP PERSONAL INJURY LAWYERS

The Chair (Mr. Bob Delaney): Our next deputation comes from Chapman Gordon Gardin Stewart LLP Personal Injury Lawyers. Come forward. Take a seat. Make yourselves comfortable. You'll have 15 minutes to make your remarks this afternoon, followed by up to 10 minutes of questioning divided among the three parties. This round will begin with the New Democrats. Please begin by introducing yourselves for Hansard, and proceed.

Ms. Ruth Stewart: Hi. My name is Ruth Stewart. I'm a partner at Chapman Gordon Gardin Stewart. To my left sits Stephen Marentette, who is an employed lawyer with our firm.

By way of background information for myself, I actually did insurance defence work for 10 years. I also acted as a local prosecutor for the WSIB. I'm proud to say I have a 100% conviction rate. I was recruited to work in a personal injury firm about four or five years ago, and I am now a partner in Chapman Gordon Gardin Stewart. The firm focuses on ABI work and on catastrophic impairment. I made my living for the last 20-plus years out of two paragraphs in the Insurance Act.

I am also old enough—I don't know how many of you on the panel are old enough; I'm thinking probably nobody—to remember the legislation before the OMPP came into effect. I can tell you that the Insurance Act is a

very complex piece of legislation. The five or six changes that we've had in the last number of decades have made it even more complex, and it's my very strong view that these proposed changes are going to make it even more difficult to understand.

If you compare the benefits that we had back in 1970 and extrapolate it forward by the consumer price index and cost of inflation and all that, I'm willing to bet my eye teeth we have fewer benefits now than we did back in the 1970s. My premiums haven't gone down, though.

I was here earlier today and I seem to get the sense that the focus is maybe not so much anymore on the cat changes, but on fraud and the cost of premiums. If I could make a couple of comments about Mr. Murray's presentation, I agree that the cat definitions, the proposed changes, are going to add a serious layer of complexity and that consumers are not going to understand the contents of the new definitions. Disputes are going to increase, benefits are going to be delayed, and I think we are all in agreement that there's been no real research and insufficient information on the cost implications of the proposed changes. I agree that they're discriminatory.

We, here in Windsor, are an underserved area in terms of family doctors and medical specialists. There are 109 beds, I understand, for ABI rehab patients across the province. Over 86% of them are from the London-to-Ottawa corridor. None of them are here in Windsor.

I agree with Mr. Murray's suggestion that the panel should have had more data—a breakdown of all cat injuries into the spinal, the brain, the physical, the combination designation.

I also want to say that I was very glad to hear some comments from Dr. Lacerte. He had a very frank admission that the mandate of the cat panel was too restrictive. I was glad to hear that because I did have some comments, but I'm not going to make them.

I was also glad to hear that there should have been more disciplines on the committee. I was very glad to hear that he's very concerned about the mild-to-moderate head injury patient. He even suggested that a fourth category of injured persons might be considered for the SABS schedule.

Both he and Mr. Murray of OTLA agreed that the needs of those most in need ought to be protected, and I don't think anybody here can disagree with that. Dr. Lacerte and Mr. Murray agreed that the family doctor isn't necessarily the best person to administer the treatment plans or the interim \$50,000 which would be available for an interim cat designation.

I do disagree with Dr. Lacerte in some aspects. I've been doing this for over 20 years, and except for one case, I have never had an individual get a colon enema or aromatherapy. I think that was an exaggeration on his part. I also disagree with him that once a plateau or maximum medical recovery is reached, there should be no more treatment. Treatment in a lot of cases is essential to keep a person's internal organs functioning and is essential so that they don't decline. I disagree with him in that case managers aren't the proper people to administer the

treatment plans, and I seriously don't think that family doctors are those, either.

I strongly disagree with his comments that the plaintiffs' attorneys are running the kitchen. This can't be further from the truth. The insurance industry is running the kitchen, and it's plaintiffs who come to our offices when the kitchen's on fire or when there's smoke. They're coming to say, "Something doesn't smell right. Can you help me out?"

The process as it currently is—the insurer determines the needs of the accident victim. I agree with the person who spoke from the Brain Injury Association of Thunder Bay and Area: Treatment is suspended pending IES. That's not fair. In reality, I can tell you that if a SABS insurer didn't deny as many treatment plans as they are, we wouldn't have the tort files that we do, because somebody comes in and goes, "I've been trying to get this treatment from my insurance company. I can't get it. Can you help me out?" And you go, "How did the accident happen and whose fault was it?" I would not have the business I do if SABS insurers paid the benefits.

With respect to combining physical and mental or behavioural issues—I went back to the office. I was here earlier this morning. I had this great, big, long presentation, but I went back to the office. I'd like to run a couple of cases by you.

We have a male in his early to late 20s who was trapped in a burning car. There's no tort claim. He suffered burns to his upper body—to his arms, to his hands; his fingers are almost destroyed. He always worked with his hands in physical labour. He can't work with his hands anymore. He suffered a moderate brain injury in addition to those physical injuries. Do you think he made cat? Not without a combination of the physical and the mental impairments.

He used his \$50,000 of med rehab very quickly, and without cat, he would have been left without medical treatment, without rehab, and he would have had to rely on OHIP and social programs. If he didn't qualify for income replacement benefits, he'd be on ODSP, collecting from the public purse.

I've probably got a dozen or so cases. I've got a 34-year-old single woman who was involved in a single-car rollover on the 401. She was laid off at the time of the accident. She was actually on her way to get a job at one of the plants in St. Thomas when the accident happened. She never got there, so she never got paid. So she has no work record. She's not entitled to IRBs, according to the insurance company.

She was unconscious for a short period after the accident and it took 20 minutes for the EMS to arrive. She had a broken pelvis, several broken ribs and a degloving injury to her left hand. She's got a serious driving anxiety. She's unable to care for herself or her dog—she lived alone. She has serious issues with depression. She requires a back brace, an arm brace. She ambulates with one cane—not two, as suggested in the panel's report or the superintendent's report. She can't access areas of her own home, including her bedroom.

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The SABS insurer was made aware of the accident. They didn't send anybody in to do an OT assessment for months. She had to rely on CCAC and local services to help her out. She got a maximum of two hours a day.

I have another example of a 63-year-old married woman. She was rear-ended with enough force for her seat back to break. Her husband was in the passenger seat. He has cancer and he's deaf. She was the sole caregiver for that disabled husband and she was the family's sole income-earner. There has been no diagnosis as to her injuries. There's some suggestion that she has suffered from a brain stem injury because of the collapse of the seat, but there's no "objective" evidence—and I put that in quotes—of any medical brain issues. But she suffers from seizures. She can't work, she can't cook, she can't babysit her grandchildren, she can't care for her husband. She relies on her children for housecleaning, yardwork and meal preparation. She needs someone to drive and accompany her to doctor's visits. She can't remember to do her groceries. She needs help with all aspects of her normal life. Is she cat? I don't know—I haven't made the application yet—but I strongly suspect I'm going to get a denial.

I've got a 71-year-old woman who was T-boned in her driver's door. She suffered a broken left ankle, a fractured pelvis, broken ribs, a head injury, numerous soft tissue injuries and whiplash. She, like the other woman, was the sole caregiver for her 75-year-old husband, who has advanced Parkinson's. She can no longer drive, clean, garden, care for her husband, cook or do the groceries. She's very, very depressed. In less than 18 months, she has burned through her med rehabs and she has used, if my last recollection is correct, \$36,000 or \$38,000 in her \$50,000 worth of med rehab. Is she cat?

The Chair (Mr. Bob Delaney): And you've got about two minutes to go.

Ms. Ruth Stewart: Oh, no.

I've got a number of examples. On the issue of fraud, I can tell you that I was involved in a file where an insurance company's lawyer and the insurance company's adjuster had collaborated. The file was settled at our office for \$350,000. The documents that went to the insurance company—sorry, Steve—said that there was a settlement of \$850,000. "Three" has five letters in it and "eight" has five letters in it, and had that insurance company—and maybe they had twiggled on to this—not been astute enough to send a random questionnaire to our offices, I don't know if that fraud would have been discovered. I can tell you that the Law Society did investigate the lawyer. I checked on the website today; his privileges have been revoked. But I never heard from the OPP. I never heard from the RCMP. I have no idea if criminal charges were followed through.

I agree that a tip hotline might be a decent idea, and expanding the SIU for more investigators and more prosecutors. But I think we should pursue fraud a little bit more vigorously.

I don't know what the answer is with respect to the reduction in premiums. I can tell you that the changes in 2010 reduced benefits, but didn't reduce my premium. Income replacement benefits are cut to people who haven't had valid job offers. The HCAI has actually made it more restrictive for people to get medical attention. Unless you've got a cat injury, there's no house-keeping. Med rehab has been cut by 96.5% in most cases. Attendant care has been reduced by 50%.

In my family we have four vehicles, three drivers. My premiums are almost \$7,000 a year.

I can tell you that we can't put the burden of managing the funds on the doctors. Our case managers and treating OTs might be the best people for that. I have a real concern that reserves at the insurance company might not be adequately set aside and that we will see insurance companies defaulting on their obligations in the future.

Given that I'm probably at my time limit—

The Chair (Mr. Bob Delaney): Pretty close. Mr. Singh.

Mr. Stephen Marentette: I guess I won't say anything, then.

Mr. Jagmeet Singh: You touched on one category, and one point that was brought up a couple of times and I think it's a very important thing—if you can just elaborate maybe with your own experiences on how people are impacted in this category. We have the catastrophic category and we have the minor injury guidelines and we also have the \$50,000 cap, but there's a big gap between the \$50,000 and the cat. What are some of the experiences you have with people who are falling between that? What types of services would they have required and how are they literally falling through the cracks because of that big gap?

Ms. Ruth Stewart: If they're lucky enough to have employee health care benefits and long-term disability insurance, they get more in their income replacement benefits than they would under the normal SABS, and if they've got a working spouse, some people are able to sort of fill in some of the gaps and pay for treatment. A lot of those people, especially the single people and the elderly that I've been talking about, they can't do that.

Sorry, can you sort of—

Mr. Jagmeet Singh: You touched on it already. What, in terms of treatment plans—we know that there are extensive multidisciplinary treatment plans that are implemented for people with cats and they end up doing very, very well or they end up getting to a point where they can actually move on with their lives, maybe not in the same capacity. But those who fall in between the cat and the \$50,000 cut-off, what type of treatments are they missing out on that could get them back to work and—

Ms. Ruth Stewart: All kinds.

Mr. Jagmeet Singh: If you could just elaborate.

Ms. Ruth Stewart: There's physiotherapy, there's vocational rehabilitation, there's all kinds of treatment that they're missing out on.

Mr. Jagmeet Singh: You mentioned that insurance companies are running the kitchen. I think that that's

probably more accurate than lawyers running the kitchen, but why do you say that and what's something to back up that assertion?

Ms. Ruth Stewart: Unlike some people think, we're not in the hospital chasing the ambulance; we're not sitting there waiting. Our experience is that clients don't contact us for months and months and months after the accident. So, in the meantime, their treatment plan is submitted, it's denied, they're sent to assessment. It's very often the same assessor. You know what the assessment—well, the client doesn't know, but I have an inclination of what the assessment is going to say when it comes back, and their treatment is denied. That's when they come to our office. So until they get to our office, the insurance company and the adjuster, who, in many cases, is inexperienced because the insurance industry has laid off a lot of the more experienced adjusters—the inexperienced adjuster now has the arbitrary opportunity just to say, “No, you fall in the MIG,” and you don't fall in the MIG. If you're a fisherman with a serious shoulder issue, if you're somebody that works in a body shop painting cars and you've got a serious shoulder issue, I don't care if it's not a complete tear; if it's a partial tear, that's a problem. You should be out of the MIG.

The Chair (Mr. Bob Delaney): Okay, let's move to the government side. Mr. Naqvi.

Mr. Yasir Naqvi: Four vehicles, \$7,000 in premiums; that's less than \$2,000 a vehicle, so—

Ms. Ruth Stewart: Say that again?

Mr. Yasir Naqvi: You say you have four vehicles, \$7,000 in premiums. That's less than \$2,000 in premiums.

Ms. Ruth Stewart: Yes, but I live in a rural community. I don't live in Windsor; I live out in Essex county.

Mr. Yasir Naqvi: The point we're grappling with here is around affordability of insurance and, of course, adequate benefits, and where the balance is between the two. Perhaps I'll ask Stephen—so he gets a chance to be in Hansard and to speak a little bit as well, given that you've given your opinion—as to how we can lower insurance rates in Ontario, in your experience.

Mr. Stephen Marentette: That's an awfully big question. Have there been studies done on what the effect of the lowering to \$3,500 has done? And what are the profits for the insurance companies now compared to what they were before? We just really don't know what that effect has been. Do premiums now have to be raised based on these new numbers that are in place? I don't know.

Mr. Yasir Naqvi: So any—

Mr. Stephen Marentette: Why do premiums have to go up?

Mr. Yasir Naqvi: Well, premiums are starting to come down now.

Mr. Stephen Marentette: Can't they stay the same so people have benefits if they need them?

Mr. Yasir Naqvi: Well, there's an interesting statistic that we're looking at, and FSCO talked about it when they came to the committee and spent a fair bit of time

with us: The number of accident claims have stabilized; however, the medical cost continues to go up.

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Mr. Stephen Marentette: Yes, but medical costs are going up, what, 6% or 7% a year, whatever the statistic is?

Mrs. Teresa Piruzza: Two hundred and twenty-eight per cent.

Mr. Yasir Naqvi: Over 200%. How would you reconcile that? That definitely has an impact on premiums, right?

Ms. Ruth Stewart: My husband is employed in the auto industry. I think the data that the FSCO panel had was not complete. Our cars are now lighter. They've got more safety equipment. They've got airbags, they've got side-impact airbags, they've got ABS brakes. I would venture to guess that the fatalities in car accidents have decreased because of the nature of the safety equipment in our accidents, but because we're still having all those accidents, the people who otherwise would have died are now suffering catastrophic-type injuries rather than the minor injuries. I would think a lot of it has to do with the safety equipment and the improvement in our automobiles.

The Chair (Mr. Bob Delaney): Okay. Let's move over to Mr. Yurek.

Mr. Jeff Yurek: Thank you for coming out. I'd like to get your opinion on the mediation process currently at FSCO. Your thoughts on it—good, bad, indifferent?

Ms. Ruth Stewart: I filed an application for mediation—I think it was in August. It might have been in September of last year. The issue is cat impairment. Dr. Lacerte actually commissioned a report in that file suggesting that my guy was going to meet the cat impairment based on physical issues alone. But because it was so close, if he combined the mental issues, there is no question that he would be beyond the 55% whole-body impairment.

In December, the Kusnierz decision came down and the Court of Appeal said, “Of course you've got to combine the two. It doesn't make any sense to separate the physical from the mental and behavioural.” I have written to the insurance company on the other side numerous times to say, “Can we save the hassle, the time, the expense of going through FSCO?” I have not had the courtesy of a reply.

Generally, my experience with FSCO is that the time delay results in delays, obviously, in treatment for the clients. I appreciate that they've got more people involved now and I'm hopeful that the time delay is going to be eliminated, but I haven't seen a file where we got a mediation date within the required 60 days in years.

Mr. Stephen Marentette: I think you're just encouraging people to start claims, because you don't want to wait for the mediation to come up. You can just start a claim in court.

Mr. Jeff Yurek: Do you have a solution to fix mediation? Is there another option we should be looking at?

Mr. Stephen Marentette: Well, it's an adversarial system, so one side is going to deny and one side is going to want the treatment. You're going to either put more bodies into mediation or you're going to get more disputes.

Mr. Jeff Yurek: Is there a way to simplify the mediation process?

Ms. Ruth Stewart: I don't know how many more people FSCO has hired for mediators or at what stage their training is at.

Mr. Stephen Marentette: Certainly by changing the SABS, you're going to create more delays because there's going to be more uncertainty. Of course, there's a pile of uncertainty right now since 2010, because there haven't been things going through the pipeline, like "incurred expense": What does that mean? There's a lot of uncertainty now, so there are more mediations.

Mr. Jeff Yurek: Exactly. I'm a pharmacist. I have no idea how to fix mediation, but you guys are here. I want to tap your knowledge base while you're sitting in those chairs.

Mr. Stephen Marentette: For example, if you need a housekeeper, you actually can't have a family member do it; you have to hire somebody outside. Or if you need attendant care, you're supposed to hire somebody to come in and do attendant care. Before, you could just have family do it, and they would get paid for it.

The Chair (Mr. Bob Delaney): Thank you very much for having come in.

BRAIN INJURY SERVICES OF NORTHERN ONTARIO

The Chair (Mr. Bob Delaney): Our next deputation by teleconference is the Brain Injury Services of Northern Ontario. Alice Bellavance, are you on the line?

Ms. Alice Bellavance: Good afternoon. I certainly am.

The Chair (Mr. Bob Delaney): Okay. Here are the ground rules: You'll have 15 minutes for your deputation, following which there will be up to 10 minutes of questions. The first questions will come from the government side. Please begin by introducing yourself for Hansard and then proceed.

Ms. Alice Bellavance: All right. Thank you for allowing me to present to the committee. My name is Alice Bellavance and I am indeed the executive director at Brain Injury Services of Northern Ontario. I'm also the co-chair of the provincial advisory committee on brain injury. There is a large group of us, named One Voice, that put together this presentation. Some of it you may have already heard; some of it you may not have. I did send this ahead of time along with a PowerPoint presentation. My understanding is that you don't have this in front of you, but other material that you have may sound somewhat similar, so bear with me.

As One Voice, we're a group who have come together to advocate for the rights of seriously injured individuals in motor vehicle collisions. We're a multi-sector stake-

holder group. There is a list attached, and I've also attached a list, in what I sent, of all of the members of the Toronto Acquired Brain Injury Network, which represents 22 government-funded organizations, whether they're in the hospital sector or the community support services sector. They, along with the Ontario Brain Injury Association, the legal community and victims from across Ontario, are deeply concerned about pending changes to the definition of catastrophic impairment related to automobile insurance.

We are the people who deal with the impact of serious accidents every day, either as victims, their health care providers or their advocates. We have great concerns regarding the compilation of the expert panel. It is noted that three of eight of the members of the panel were consultants for the Insurance Bureau of Canada and the superintendent of financial services. It is our position that all medical experts on the panel should clearly be unbiased on such an important issue. Furthermore, our hope is that through the standing committee, thoughtful comments and suggestions based on years of clinical experience from professionals in the field will be taken fully into account and not only the recommendations from the expert panel of academics, some of whom are clearly biased, in our opinion.

We ask that you listen to us today, as members of our group are diverse and include leading experts in the rehab field as well as health care providers from both the public and private sector, professional organizations, and organizations which support accident survivors.

Driving is a risky activity. I had the chance to listen to the comments from a previous presenter about how motor vehicles are much safer. That is definitely true, but also the response time and medical technology have improved, so the degree of impairment that people are now surviving is significant. This is not in my presentation but it's just something that I remember off the top of my head from the Centers for Disease Control, which did a presentation at a worldwide congress. In the 1970s, 85% of people with serious acquired brain injury in motor vehicle collisions died. In the 1980s, 75% died. By the 1990s, we were saving 85%. In less than two decades, we've totally changed the morbidity and mortality rate, so I think that also has a huge impact.

It certainly is a risky activity—driving is. The fact is that over 60,000 people are injured in motor vehicle collisions each year in Ontario, and 12,000 of these individuals sustain serious life-altering injuries such as head injuries, spinal cord injuries and serious orthopaedic injuries. These individuals will create an enormous expense on the public health care system, clearly exceeding what our public health system has capacity for. Thus, it is legislated by the provincial government that individuals who drive must also have auto insurance to ensure that health care costs do not get bludgeoned with the catastrophic costs of serious injuries related to motor vehicle collisions.

It should be noted that in northwestern Ontario, the Ministry of Transportation stats indicate that 40% of the

motor vehicle collisions are with wildlife. Given the vast geography of individuals injured in crashes, they can also be in their vehicles for hours before first responders arrive. A Glasgow coma scale taken at the time may be higher than at the initial time of crash before the first responder got there. I think that's another measure that can't always be the only basis of making a decision of whether or not a person meets the catastrophic definition, but it's certainly one of the things that's looked at.

In terms of some of the proposed changes for the catastrophic definition, according to our clinical expert panel, some of whom are presenting to you, the FSCO panel and the superintendent recommend new assessment tools and new thresholds that would make it much more difficult to be deemed catastrophic. In fact, it would cut the current number of catastrophic injuries in half, according to both medical and legal experts in the field. They will no longer allow designated assessors to combine both mental and physical impairments or consider chronic pain as part of the total-person impairment rating. This goes against the World Health Organization and the American Medical Association guidelines and protocol, as well as best practices in care and some of the recent decisions made by courts.

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The superintendent had added a major barrier to access to benefits for those who were deemed catastrophic, as he suggests only doctors should be able to sign insurance forms for ongoing therapy, equipment and support. One million people in Ontario do not have a family doctor, and that's actually even worse here in northwestern Ontario, the number of people who are orphaned and don't have a physician. These individuals do not have access to primary care, and if they're catastrophically injured, typically their doctors rely on specialists, or specialists are only involved to address medical issues such as surgery or special procedures, and they certainly don't want to be dealing with forms and referrals and overseeing ongoing therapy and equipment and support needs for individuals. This requirement places unreasonable demands on victims and their doctors, and it takes us back to an obsolete medical model that assumes that regulated health practitioners need to be supervised by a physician. Ironically, this model is being suggested at a time when the Ministry of Health and Long-Term Care has introduced legislation for regulated health practitioners to take on elements of health care provision traditionally provided by only physicians. So now I'm speaking to nurse practitioner clinics and family health teams, which are made up of not only physicians, but many other regulated health professionals.

In terms of who should be paying the price of increased costs—what would be the cost of these changes being implemented and who would pay the price—it is our understanding that the insurance industry would continue to enjoy record profits. FSCO has recently reported that the insurance accident benefit costs have plummeted by over half, from \$764 to \$300 per vehicle, since the minor injury guideline has been introduced and

the non-cat benefits have been slashed back in September 2010. However, there has been no reduction of premiums. I can certainly speak to my own premiums, and I haven't had any collision. My premium has been the same. It hasn't gone down; it hasn't gone up, either. It's stayed the same.

Those that would suffer are people who are seriously injured, their families and caregivers and their community, and their lives are irreparably changed. Some of the examples of individuals, and I'm sure you've heard from some of these folks already: a construction worker who was paralyzed and is in a wheelchair for six months, who, with rehab support, progresses to the point where he can walk across the room in therapy using a walker, even if it's slow and painful, but he still depends on a wheelchair for mobility in the community and is unable to return to work without retraining. It is noted that this person also suffers long-term sexual and incontinence issues and psychological and adjustment issues.

The other example is an accountant who was in a coma for several weeks, and by six months was still having such excruciating headaches, weakness, incoordination and significant cognitive problems that he needed an attendant in the home every day and, by the end of one year, was only able to attempt working in a sheltered workshop in a supervised assembly-line setting, and only part-time at that.

As a society, these people are and will continue to turn to an already overburdened public health and social services system and will result in greater expense to the government. Some of these expenses certainly are with the Ministry of Health and Long-Term Care because they fund hospitals, but they also fund organizations like ours, which is a community support service agency. They also fund the community care access centres, which provide in-home professional services such as nursing, physio, OT, speech and language, some social work and some personal support or homemaking. But there are some limits as to how much they can provide, for sure.

The Ministry of Community and Social Services oversees the Ontario disability benefits program, as well as vocational programs or supported employment, assistive devices program and assisted living. You should also be aware that individuals who are on the waiting list for assisted living in this province—we have well over 1,000 people with acquired brain injuries waiting to get into programs that an agency like ours offers in terms of 24-hour assisted living. As well, there's over 1,000 people with physical disabilities on the waiting list for assisted living, which may include individuals with spinal cord injury from motor vehicle collisions.

The Ministry of Education certainly has additional impact because of having to provide adequate special-needs support for integrating children and youth into the education system under the requirements of the Education Act.

The Ministry of the Attorney General certainly is affected, and I know that you've probably heard about the high percentage of individuals who are currently incarcerated in our prisons, 43%—this is based on research

done by Dr. Angela Colantonio—and the impact that that has on the system when they are in a revolving-door situation with our correctional system and a vast array of public agencies that are also funded either on a provincial or federal level that have access, if limited insurance benefits are going to be made available to folks. Unfortunately, the downloading of these costs will also decrease other vital services for other Ontarians who may not have been injured in motor vehicle collisions.

The changes that are recommended by FSCO should not be implemented as they reflect the opinion of the insurance industry and are in direct opposition to what almost all the stakeholder groups are recommending. Again, I said the list would be attached. It's really unfortunate that you guys didn't get this package ahead of time, because I sent it out on Monday.

The Chair (Mr. Bob Delaney): You've got about two minutes to go.

Ms. Alice Bellavance: I'm almost at the bottom of the page.

Again, I think that changes to the cat definition, if they are to be implemented, need to be based on all of the expert and stakeholder feedback, not just the superintendent's and the FSCO panel's. One Voice is happy to work with the government towards this goal and increasing funding for those who sustain serious non-cat injuries, as they are the casualties of the war on fraud in 2010 and are now left unprotected. It's certainly preferable to introducing an interim catastrophic category, which would only add to more complexity of the system and result in more disputes and delays. Again, I heard from the previous presenter that there certainly are delays. I don't have the answer as to how to fix some of those. It's certainly an ongoing challenge.

The only other thing I'd like to add, because I know I'm at the end of my time, is that reducing it from \$100,000 to \$50,000 is actually a huge step backwards. If we looked at the cost of living, it should have actually been increased to \$250,000 in terms of benefits. Thank you for your attention.

The Chair (Mr. Bob Delaney): Okay. Ms. Wong.

Ms. Soo Wong: Thank you for your presentation. I've got questions related to the concerns with respect to balancing the needs of the motor vehicle accident patient or the families, as well as making our auto insurance more affordable. Can you provide more suggestions in terms of how do we make auto insurance more affordable given that there are a lot of challenges—the decreased incidence of mortality and morbidity—and you made that comment earlier, the fact that cars are more safe than before. Now that we have more incidents involving motor vehicle accident patients with head injuries, those head injuries are now creating a lot of rehabilitation care costs and system costs. Can you provide some suggestions to us with respect to balancing the care needs of the victim and the family and reducing the auto insurance costs? How do we address this issue?

Ms. Alice Bellavance: In all honesty, I don't think it can decrease, because the care needs are actually in-

creasing for individuals. I know that I served nine years on the Ontario Brain Injury Association board of directors, and when I first started, we had done some projections about the lifelong cost for the average person who is injured in a motor vehicle collision based on the average age and lifelong expectations and so on and so forth. The cost was at \$2 million for the lifetime to support that individual. By the time I finished serving my term on that board, that cost had gone up to \$5 million because the cost of services has gone up that much. So I really don't know how you can decrease it.

Ms. Soo Wong: Okay. My other question here is that we have consistently heard over the last two days now, and today, a third day in hearings, the concerns about auto fraud issues. Can you make some comments—

Ms. Alice Bellavance: About auto—

Ms. Soo Wong: The fraud issue dealing with auto insurance and claims. We are trying to come to grips with all the insurance costs. Do you have any suggestions from your association to address the issue of fraud within the auto insurance industry?

Ms. Alice Bellavance: Well, I have not personally come across anyone who is committing fraud. Anyone who has been referred to our agency for services—they've all been seriously injured. I didn't get a chance to do a file review of all of our fee-for-service clients to determine how many of them meet the catastrophic definition, but I think I would be very safe to estimate that 80% of the people who we support on a fee-for-service basis, who we bill either auto insurance or WSIB for, meet the cat definition.

1400

The Chair (Mr. Bob Delaney): Okay. We'll move the rotation. Mr. Milligan.

Mr. Rob E. Milligan: Thank you, Alice, for joining us this afternoon.

A couple of quick questions. First, does it make sense that our health care system is moving in a multidiscipline model and the auto insurance is moving in what appears to be the opposite direction? Do you have a comment on that?

Ms. Alice Bellavance: Well, I think the auto industry needs to move with the health care system and go with what they're doing because they are the ones that are delivering the care.

Mr. Rob E. Milligan: Okay. My next question is, are there enough family doctors in the north to handle the increased workload from the cat changes?

Ms. Alice Bellavance: No, there isn't. There never has been. I think it's going to be decades before we have enough. I think that's why having physicians being the only gatekeepers that can authorize things is really detrimental to people in northwestern Ontario. I think a broader range of regulated health professionals is certainly very capable of authorizing care plans for folks.

Mr. Rob E. Milligan: Thank you.

The Chair (Mr. Bob Delaney): Okay. Mr. Singh? Oh, Mr. Natyshak.

Mr. Taras Natyshak: Thanks. Hi, Alice. Thank you for your presentation.

Alice, have you ever dealt with injured workers through your association?

Ms. Alice Bellavance: Absolutely.

Mr. Taras Natyshak: And do you see any correlation between WSIB benefits over the last—

Ms. Alice Bellavance: Oh, you really want me to get started on that one, eh?

Mr. Taras Natyshak: I'd like you to just measure both of them. Give me a mirror image. What's going on there?

Ms. Alice Bellavance: Very similar kinds of strategies are being used by WSIB. They've become very insurance-focused. They're also starting to cap and limit. If a person doesn't meet their definition for a serious injury so that it's managed out of the Toronto office and they're managed just out of the Thunder Bay office, because that's the only WSIB office we deal with here, then there's a big difference between what people get and have access to.

The bigger picture that you need to understand, though—I don't know how many of you were around 20 years ago as we've gone through all the different iterations of auto insurance as well as the huge change that happened from WCB to WSIB, but just to put it in perspective for you, when we were doing fee-for-service back in the early 1990s, we were doing as much work in our fee-for-service as we were getting funded to do by the Ministry of Health and Long-Term Care. Two thirds of that revenue was coming through WCB. When the changes were made in WCB, all of the clients that we had on our caseload from WCB had their files closed, every single one of them. That meant that if they had ongoing needs, they had to apply then for our publicly funded services, for which we had huge waiting lists.

Mr. Taras Natyshak: I'm sure you could write a book on that, and I would look forward to that.

I'm going to pass it off to my colleague, Jagmeet Singh.

Mr. Jagmeet Singh: Alice, do you want to compare the northern Ontario experience, just some of the limitations that you experience being in northern Ontario, with—first off, the limitation on requiring a family doctor would disproportionately affect the north because there are less family doctors in the north per person. Is that right?

Ms. Alice Bellavance: Yes.

Mr. Jagmeet Singh: You would also be affected by the caps on assessments, because the \$2,000 cap wouldn't allow for travel expenses, which are a big part of your expenses as well. Is that right?

Ms. Alice Bellavance: They're huge.

Mr. Jagmeet Singh: The limited definition on the cat. Your big concerns are that it's not taking into consideration the mental and physical, looking at the body as a total impairment, which is the direction that the World Health Organization wants everyone to go in. Is that right?

Ms. Alice Bellavance: That's correct, because we're talking about a whole person here and not just part of a person.

Mr. Jagmeet Singh: And what would you say are some more limitations specific to the north that are being missed here and that people aren't looking at?

Ms. Alice Bellavance: Well, I think one of the things, unfortunately—and all you have to do is look at the North West LHIN's—the health integration network—data of our population profile here. We are disproportionately represented when it comes to issues of mental health, addictions, issues of heart disease, cancer and all of those other impairments. So many of the people who get injured in motor vehicle collisions may already have other pre-existing conditions. Those pre-existing conditions may or may not have contributed to the collision, but those health care needs still need to be addressed as well.

The Chair (Mr. Bob Delaney): And on that note, I have to thank you, Alice, for your time and for teleconferencing with us this afternoon.

Ms. Alice Bellavance: Not a problem. Thank you for having me.

MR. BRIAN NAIRN

The Chair (Mr. Bob Delaney): Our next deputation is going to be Brian Nairn. Please come forward and have a seat. You'll have 15 minutes to make your remarks to the committee, followed by up to 10 minutes of questioning. This rotation of questioning will begin with the opposition. Begin by introducing yourself for Hansard and proceed.

Mr. Brian Nairn: It's probably just as well that you have a limit; I tend to be a little garrulous at times. My name is Brian Nairn, and I am retired. I was 60 years in the general insurance business, so I have seen 60 years of auto insurance. I'd like to say, first of all, that my sympathy goes out to the committee members. I see that the standing committee is on financial affairs and auto insurance costs. "Financial" must be very difficult in a province that's got a \$15-billion deficit. I don't know what effect the committee will have on that.

In all honesty, I can tell you, from my years of experience, that the committee on auto insurance is certainly nothing new. It has been investigated; it has been committee'd; it has been studied. There are at least three that I can recall in the last 20 years, perhaps. One of the largest ones that came out was under the jurisdiction of, oddly enough, a Windsor lawyer, David McWilliams. The members of the government and Mr. McWilliams as chair were in just about every major city in Ontario. This hearing went on for quite a considerable period of time. I attended several of them. In a little bit longer, I'll tell you why. It was called the McWilliams report, and there was actually a book published—bound and so on. I did have a copy of it at one time, and it has gone astray. I tried to find it. You may have it back in the Ontario archives, which I guess never go astray.

I started off my career. I'm the only person around—or alive, I guess—who has worked for the three major writers of automobile insurance in North America: Allstate, State Farm and Liberty Mutual. The first seven years I was in the business, I was looking at everything from a company point of view, dealing with the public as customers. Don't go away with the impression that insurance companies are all out there to make a dollar and have no public thoughts at all. Liberty Mutual, my last employer, has a department—well over \$1 million a year they spend on public loss prevention of all natures. They get into workers' comp, but they certainly go very heavy into auto insurance. They were one of the pioneers in seatbelts and so on. Not all companies are out there to be adversarial.

While I was an insurance agent, I became president of the Ontario insurance agents' association and served that for some time, and I was on the original planning committee for RIBO. I don't know if you're familiar with RIBO, but if any of you aren't, that's the self-regulatory body. They look after discipline. If you have a quarrel with your insurance agent that you can't get resolved, you can apply to RIBO and they provide you with legal counsel, if need be, and hear your complaint.

Along with those things, there's the superintendent of insurance—does that body still exist? Is there such a thing as the superintendent of insurance? I never hear it mentioned.

Interjection.

Mr. Brian Nairn: There is one. Who is he? Do you know?

Mr. Jeff Yurek: Phil Howell.

Mr. Brian Nairn: Is he? He's maybe not as visible; I don't know. Anyway, Murray Thompson was the superintendent for a number of years, and he put me onto an automobile study committee that went on for—I guess I was on it for about seven years. I was the only one at that time who actually dealt face-to-face with the public. The other members of the committee: There was one lawyer, there were claims people and underwriters from insurance companies.

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I'll give you a quick for-instance: The very first meeting that I was at—to show you how our costs and so on have changed—at that time, the standard auto policy allowed \$10 a day for car rental by theft. That was the only loss of use that you had. So the agents' association had recommended—we were getting into the real world at that time—putting this thing up to \$25 a day. Well, this was my first meeting and the committee thrashed it around and they kicked it around. So then they decided they would offer to go up to \$15 a day. My first speech to them was, "Well, I've got a better idea. Leave it. Don't bother." "Well, you said you wanted it up." I said, "Yes, but if you can't rent it for \$10, you can't rent it for \$15. Why bother? Put it up to \$25 or forget it." Anyway, that was just kind of an aside.

I came in this morning just out of curiosity, to sort of get an idea of the format. If we had all day, I would love

to get into a debate with the honourable Mr. Pawley because he makes such a wonderful view of the world of Manitoba where the government, on a very narrow—as he said—minority government, put in government auto insurance. From that day to this—back again today—they want to compare Manitoba with Ontario. Well, most of you people aren't even from Toronto. I would guarantee you that more people cross the 401 from Brampton to Scarborough every day back and forth probably than the entire population of Manitoba, never mind the number of drivers. So it's a ridiculous comparison in the first place. For some reason, it's always been the thing that that party wanted to put in. Well, then they got elected, one time, in Ontario—well, after they came into Manitoba, there was very big upheaval in the business in Ontario. None of us wanted it, and there was a lot of political action going on anyway. When the election came around in 1981, the NDP elected 21 members out of 126 seats, and it went to bed for a while. Then when Bob Rae was still the leader of the NDP, they became elected and that was going to be Bill 1, as I recall it. But once they got in power, they took a look at the actual statistics—looked at the books, looked at the number of people employed in the industry and so on—and they abandoned it. But it still hangs around.

In a way, I have sympathy for your committee, because I don't think very much is going to change. There's nothing magic about car insurance. In all the years I've been in the business and all of the people I've talked to, there's one common agreement: It costs too much. Stop anybody—I swear to goodness, if the government gave it away for \$100, there'd still be people thinking it should be \$90. It's just not going to happen. All of the goodwill that you bring and all of the government thought, it's not going to happen because you can't change people's minds; you can't change their outlook.

I was at a seminar in Michigan—and it was partly on auto insurance—and the very wise man said that people today suffer from the psychosis of entitlement, which means no matter what happens to them somebody is to blame and they should get paid. In the 60 years that I put in in the business, you could break it down somewhere between 2,500 and 3,000 weeks. We certainly didn't have an accident every day or even every week, but I think it's fair to say that probably somewhere between 1,000 and 1,500 auto accidents that I was either involved in for my clients or listening to the client for the other person involved. Out of that 1,500, I can count on this hand the number of people who said, "The accident was my fault." It's just not built in your mind.

I remember—one sticks in my mind—the first fatality I ever had. It was a poor man coming off—he was in London. It was a driving rainstorm, a terrible, terrible storm, and he was coming off a shift and ran across the street to catch a bus, and our insured hit him. Our driver police report: "Just a terrible night driving. You could hardly see. But I was only going 30 miles an hour." He doesn't see any correlation.

I've heard all of these people. Nobody ever is responsible for a rear-end collision. "I was never following too close. The guy in front of me stopped too fast."

The Chair (Mr. Bob Delaney): Well, I'm responsible for the two-minute warning.

Mr. Brian Nairn: Two minutes? Okay, I've got about two minutes left.

Intersection accidents—same thing. "I pulled up to stop, looked both ways. There was nothing coming. I pulled out. Bang, somebody ran into me." Red lights: He had the green. As long as that exists, I think it's pie in the sky. You're never going to change people, and because of the cost of the factors that go into car insurance—repair costs, medical costs—there is nothing that's going to change, basically. They are going to continue to rise, and in some proportion that hopefully isn't too disproportionate, if I may. Auto premiums are going to be a constant in relation to everything else. Thank you.

The Chair (Mr. Bob Delaney): Okay, Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. Seeing as how you've been involved in the industry for a long time, I'd like to get your thoughts on no-fault insurance in general versus the system we had before no-fault was brought in. What do you think is wrong with both, or which one is better? Just so we get some experience here.

Mr. Brian Nairn: I'm glad you asked that, because I didn't get to that.

Mr. Jeff Yurek: Well, there you go.

Mr. Brian Nairn: The Honourable William Davis, when he was Premier of Ontario, spoke at a convention that I was at. At that time, the insurance companies were really pushing hard to get no-fault. They thought they had it sold. The agents were stuck in the middle; if they put it in, we knew we were going to have to live with it, but they never came up with a plan that we thought was that attractive. I went to meetings in Toronto for about nine straight weeks. Before then, they still didn't know how much it was going to cost.

Anyway, Premier Davis spoke at the convention, and he said—and I can quote him verbatim—"It is my view and the view of my party that the people of Ontario feel that the wrongdoer should be responsible for his actions." That was his answer to no-fault.

Now, I realize we've slid to some degree. I don't know how great an effect it's had, but I'm just telling you my attitude on it.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Okay, Mr. Singh.

Mr. Jagmeet Singh: Thanks. I just want to get a sense from you—I guess in all things, people always want to pay less for whatever it is. They always want to reduce the price if they can. But there's a little bit of objectivity to the concern about auto insurance, and I'm just wondering if you agree with that comment that, because Ontario is paying the highest rates in the country and we're not necessarily receiving the best benefits—particularly given the 2010 reforms, we're not necessarily receiving the best, by far. Given that situation, do you think that there is something that needs to be fixed?

Mr. Brian Nairn: I'm sorry?

Mr. Jagmeet Singh: Do you think that there is something that needs to be fixed? Just your personal opinion.

Mr. Brian Nairn: There are a lot of things that could be fixed. One thing where the public is going to ultimately be hurt, I think—the government has allowed something, and I never dreamed it would happen. They've allowed insurance companies to buy insurance brokers. That has carried on now to such a degree that almost every independent insurance agent or broker has to have one of these companies in his office, and it's a real conflict of interest. Your insurance agent or broker is supposed to be out there acting for you, but if he is dependent on that company to provide him with a market, it's a wrong thing to do and I think the government—I don't know how it slid in. I think it could have been prevented and I think in the long run it's going to prove to be a very bad thing for the public as a whole.

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Mr. Jagmeet Singh: Mr. Nairn, your concern actually has recently been brought up. It's interesting to hear it from you as well. This concern did come up in other meetings that we had. What do you think the biggest concern or biggest issue is with that and the other concerns that have been raised?

Mr. Brian Nairn: The biggest issue, as I say, is insurance companies. I'd be the last one to think that they are charitable organizations. Insurance companies are the same as any other company; they're in business to make money. But there has to be a relationship, and the relationship I represent—I wasn't the largest in Ontario, by any means, but I had six or seven or eight companies that I represented. If one of them was better for a certain part of a driver—some of them were better at fleets and so on. I had the opportunity or the necessity, really, of offering the choice to my client. Now, with one major company, it's got so ridiculous that they compete with themselves, this one big company. I can tell you the name, if you wanted it. They do actually direct writing on the one hand and buy up insurance agents so they can deal with them on the other. The public is going to suffer.

Mr. Jagmeet Singh: What company is that?

Mr. Brian Nairn: They changed the name. It's Intact now. They are so big. You see, first of all, they bought up a lot of insurance companies. I came out of retirement and I went with Grey Power, which is an excellent thing. But the company representing Grey Power was sold to Intact.

The Chair (Mr. Bob Delaney): Let's move the rotation over to Mr. Naqvi.

Mr. Brian Nairn: Pardon?

The Chair (Mr. Bob Delaney): Let's move the rotation over to Mr. Naqvi.

Mr. Brian Nairn: Certainly.

Mr. Yasir Naqvi: Good afternoon, sir. Thank you very much for coming today and sharing your experience over the decades with us, trying to hopefully make our task a little easier. One of the things that we have repeatedly heard in these hearings, not only here in

Windsor but also in Toronto and Brampton, where we were earlier, is the issue around fraud in auto insurance and the impact of fraud, obviously, on higher premiums. I wanted to hear your views on that and any suggestions as to how government can best tackle auto insurance fraud.

Mr. Brian Nairn: To be honest, I didn't have a lot of experience. I can think of one where there was collusion between a taxi company and a driver. The taxi company cut the guy off on purpose, had an accident, and the guy promptly went in for his accident benefits. But that's only one.

I understand, from anecdotal—I still keep in touch with people to some degree. I think it's a much greater problem in the GTA and I think—I don't want to put my foot in this—a lot of it is ethnic. You have Orientals, if you will. You've got areas where it's easier for collusion, where that happens. As I say, it's certainly not politically correct and I don't want to get into that kind of a situation.

I can recall a different situation here in Windsor where there was a large ethnic population and there would have been some collusion as far as the cost of repairing the car, that kind of thing, but nothing that had any significant effect on the world in general. I don't think fraud, to my knowledge, anyway, is a really big factor.

Mr. Yasir Naqvi: Thank you for your time.

The Chair (Mr. Bob Delaney): Thank you for coming in.

Mr. Brian Nairn: Thank you for hearing me.

MS. ROBERTA GIFFIN

MR. BARRY HOGAN

The Chair (Mr. Bob Delaney): Our next deputation is from Roberta Giffin. Please have a seat. You'll have 15 minutes to make your remarks this afternoon, followed by up to 10 minutes of questioning. This round of questioning will begin with the New Democrats. Please begin by introducing yourself for Hansard and then commence.

Ms. Roberta Giffin: Good afternoon. My name is Roberta Giffin, and I'd like to take this opportunity to thank the committee for inviting us here today to provide our input into the committee's auto insurance study.

Mr. Barry Hogan: Hi, my name is Barry Hogan. I'm with Gamble Insurance in Sarnia. Our offices cover from London to Sarnia to Chatham area. I'm here to sit with Roberta as well.

Ms. Roberta Giffin: I work for DPM Insurance in Chatham and I've been in the insurance industry for 23 years. My priority is to protect the interests of my customer, from the purchase of a policy right through to when they need an independent advocate at the time of a claim. I am sure that most people here understand the difference between brokers and insurers but I would like to reiterate it for those who don't.

As brokers, we need to work closely with the insurers, but our mandate is to represent our customers' interests to the insurance companies. Insurance is a complex product and I feel and the law requires that consumers need to get expert advice tailored to their own individual needs when purchasing the product. My aims and goals will sometimes differ from those of the insurance company as my prime responsibility is to advocate on behalf of the public and serve my customer to the best of my abilities.

With respect to auto insurance fraud and abuse, we have to get auto insurance rates under control. I believe the single most important thing that can be done is to lower the claims costs and the insurance premiums to tackle fraud and abuse in the Ontario insurance system, particularly in the accident benefit area.

The Auto Insurance Anti-Fraud Task Force recommendations are scheduled to come out later this year. I want to urge the government to implement those recommendations as quickly as possible. Page 57 of the 2012 budget foreshadowed some of the task force's final report recommendations: regulation of health clinics, other gaps in regulation, establishment of a dedicated fraud unit, a consumer education and engagement strategy, and a single web portal for auto insurance claimants.

I am not political. I am not a member of any party in the province and I will tell you that I don't care who gets credit for taking action here but action must be taken. I am prepared to support constructive recommendations to combat fraud and abuse from any party. The public deserves nothing less. If we continue to tolerate abuse of the system it will only get worse. We already pay the highest rates in the country and cannot handle any more increases.

Insurance profitability and market stability—I will say it again: Tackling fraud and abuse in auto insurance is probably the most important thing we can do to lower premiums. However, please let's not get into a major overhaul of the system. I have worked through three major overhauls of the system in my career and we don't need a fourth. What we need is to give the 2010 reforms an opportunity to work. They appear to be having some effect but we do need to proceed with action on the abuse front.

Even with these reforms, please do not be misled into thinking that there are excess profits in the auto insurance area. There are no simplistic quick fixes to the system and it is not a time for aggressive measures on rates. Again, let me be clear on something: I'm not here to defend the insurers, but an aggressive tampering with the system will add expense and will threaten market stability.

There is, though, one other measure that can be taken to deal with unfair practices in the property and casualty market. This is to ban the use of credit scoring in personal property insurance. In 2005, the Ontario government banned the use of credit scoring in the rating of automobile insurance. Shortly after that, many insurers began circumventing the ban by refusing to offer quotes to those who refused access to their credit information. This

was finally brought under control by the 2010 auto reform package, which defined the use of credit as an unfair and deceptive practice. What the insurers have now done is use credit scoring much more aggressively on their property products, which basically subverts the ban. Many consumers buy both property and auto products from the same carrier to take advantage of multi-policy discounts. We have had situations where companies increase their property premiums dramatically—\$600 to \$1,200—due to credit scoring, which forces the client to go elsewhere, thus divesting themselves of an auto policy that they didn't want in the process. We have to stop this backdoor effect on the automobile consumer.

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My concern with this is that more and more property insurers are using credit scoring and soon there won't be an elsewhere to go. These are not bad people. They may have a low credit score for all kinds of reasons, but most have always paid their premiums and have been good customers who have not placed a claims burden on the industry. Once there is no elsewhere to go, we will have an availability crisis. That means you will be back here with the standing committee on property insurance in the near future. None of us need that when it is so easily avoided.

Last year, the provinces of Newfoundland and New Brunswick announced their intentions to ban credit scoring from home and other property insurance. Just last week, Prince Edward Island announced the same. Here in Ontario, MPP Colle introduced Bill 108, the Homeowners Insurance Credit Scoring Ban Act. Ontario lawmakers should follow these provinces and pass Mr. Colle's bill.

A ban can also be accomplished by amending the unfair and deceptive practice regulation under current authority in the Insurance Act. The ban on credit in auto is done that way.

It is also my advice to implement relatively minor smart regulation now by banning credit scoring, as is done for automobile insurance currently. This will help avoid more cumbersome regulation later.

Banning the use of credit scoring to price home and other property insurance is the IBAO's number one public policy priority, and I support this. Our association has done a lot of work and research into this issue as it has been advocating for a ban on this practice for nearly two years. Unfortunately, insurers and the Ontario government have done little to deal with this during this time.

We'd be happy to answer any questions.

The Chair (Mr. Bob Delaney): Thank you. We'll begin this round of questioning with Mr. Singh.

Mr. Jagmeet Singh: Thank you very much for attending. I agree with you, just off the bat, that banning credit scoring with respect to home insurance would be a great initiative, and I applaud your work in advocating for that. I think it's important. We've heard from other people from the industry who had a very similar presentation and talked about that issue, so thank you for that.

I just want to touch on one idea. I agree with you when you say that one of the issues in addressing premiums is lowering the claims cost, and particularly when it comes to SABS, the statutory accident benefits schedule. I think that's pretty clear. We've actually already done that. The Liberal government's 2010 amendments have slashed the benefits that we receive as consumers, and we've seen that in 2011 the average claims cost per vehicle has gone down dramatically, over 50%. It's already gone down from a little bit over \$700 to now around approximately \$300. So we've already seen that, but we've not seen any lowering of premiums. I'm going to put to you that reducing fraud, even if we reduced all of the fraud possible, we wouldn't get nearly the same numbers of a 50% reduction in the average cost per vehicle. We wouldn't get that. We've received that now, but we haven't seen our premiums go down. Do you have any response to that?

Mr. Barry Hogan: What I would suggest is that accident benefits represent, on average, about a third of the premium dollar in your policy. So if you have a \$1,000 premium that you're paying, approximately a third of it, \$340 of it—just a rough figure—would be your accident benefits premium. That's what goes to pay the accident benefits claims. So if you saw a 50% reduction—and I haven't seen that number yet—you would likely see your accident benefits portion then decrease by a comparable amount as time goes on. The biggest issue you have with accident benefits claims—I always tell our customers: If a tree falls on my car today and we take it to the body shop and get it fixed, within a week or two, we know exactly what the cost is. In an accident benefits claim, those claims are open for six months, a year, two years, three years—until our clients are back healthy. So those claims are open for a long period of time and so much can happen in that time period. Part of the problem is, it's nice to see the claims cost decreasing—50%; I haven't seen that number—but as time goes on, you have to see all those claims close out too.

Mr. Jagmeet Singh: Would you agree with me, though, that claims costs are a more significant piece of the puzzle—overall claims costs—than if you compared the overall accident benefit costs to fraud costs? Accident benefit costs are by far a larger component than fraud costs are. I think there's no comparison, but would you agree with me?

Mr. Barry Hogan: I would actually say from our experience that fraud costs are within the accident benefits area. That's where we see the biggest section.

Mr. Jagmeet Singh: Right, sorry; so they're a portion of it, but they're not all of it. They're just a small fraction of the rest of—whatever fraction they are, they're a fraction of it.

Mr. Barry Hogan: They're a percentage of it. I don't know what exactly.

The Chair (Mr. Bob Delaney): Okay. Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Good afternoon. Thank you for your presentation today. I'm from Ottawa, so obviously,

I'd like to bring a perspective beyond the GTA when it comes to auto insurance. One of the proposals that we've heard from our friends from the NDP is around the notion of taking territoriality out when rates are being determined by FSCO. I wanted to get your point of view, from your experience, on what kind of impact that will have on insurance rates in other parts of the province if that type of mechanism was used.

Mr. Barry Hogan: I would say the territorial is something that works very well. If you go to northwestern Ontario—Thunder Bay, the Fort Frances area—they have very different issues and concerns than we do in southwestern Ontario, than we do in the GTA. The territorial system: For myself in Sarnia, I face different risks in that territory than people who are 20 kilometres outside of town in small, rural southwestern Ontario.

The territorial system, I believe, works. It has been in place for a number of years. You've noticed that in the GTA, there are more territories. There are tonnes more territories, and territories in other areas can be larger. I know Ottawa has a number of different territories based on loss experience.

The territorial in my business, representing our customers over a larger area—it would be very difficult, because you would have people in larger areas now probably seeing a little less premium, but the people in rural areas, where the loss experience has been better, are going to be paying significantly more.

Mr. Yasir Naqvi: So it would have a significant impact, where you might see rates going down in the GTA, but then a corresponding increase in other parts of the province.

Mr. Barry Hogan: And I would argue that you would have insurance companies that specifically want to write business in certain areas. They would actively or aggressively cancel brokerage of contracts in larger centres if they're going to have to charge a premium that is not adequate enough for them to make money.

The Chair (Mr. Bob Delaney): Thank you. Mr. Yurek.

Mr. Jeff Yurek: Just before I start, are you related to the Hogan Pharmacies in Sarnia?

Mr. Barry Hogan: That was my grandfather. I'm Gamble Insurance, but I get called Barry Gamble, I get called the pharmacist, yes.

Mr. Jeff Yurek: Okay. I'd like you guys to talk about—it hasn't been touched on; we've had various brokers—but I'd like your thoughts on how the banks are selling insurance now and insurance companies have their own sales force. How is that impacting independent brokers, and what thoughts do you have on that that we can take as a committee to look at as we re-evaluate auto insurance?

Ms. Roberta Giffin: Well, it does impact us as independent insurance brokers greatly. We have to be licensed. We have to have continuing education hours each year as a broker. As someone who sells it at a bank, they're not required to have anything at all, any education at all, to sell the product that we sell.

In fairness to that, my customers have left and gone to certain banks and have actually come back because they have not been advised of changes, primarily this reform of 2010, where we have educated our consumers greatly over the changes and what they do need. They did not get anything at all from those banks whatsoever.

Mr. Barry Hogan: I would also say that the issue that we touched on, which was about credit scoring: A bank knows so much about your credit history and your history financially and therefore can very much—they call it "creamer," taking the cream of the crop of those clients. Those are the ones that they will target.

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There are direct writers that if you call up and give them a postal code, you could be told that their system is down, or it's 40 questions to get a quote, or, "I'm going to put you on hold for a minute," and you can sit on hold. You can give a different postal code or write back a different postal code that is in a targeted postal code for them, and they will have a quote for you instantaneously. So that's how the direct writers, in certain cases, will segment out and only write certain pieces of business.

When you talk about our insurer partners—so, large insurance companies that now own brokerages—that is very difficult for an independent broker. I'm an independent broker. I don't have any of my business owned by an insurance company and I don't borrow money from any insurance company. I can say that I'm completely independent. It gets very difficult for a broker when you're owned by an insurance company and that insurance company is paying the wage of the person in the brokerage and a consumer comes in and wants to buy an auto policy. It can get steered over to them.

Mr. Jeff Yurek: Do I have time for one more?

The Chair (Mr. Bob Delaney): A quick one.

Mr. Jeff Yurek: Do you ever feel pressure from insurance companies to get rid of clients? I've heard that in a private conversation yesterday at the town hall, that they get pressure from insurance companies if someone is making too much of a claim or if they're a big risk for loss. Do you ever get pressure from insurance companies to dump clients?

Mr. Barry Hogan: I would think that would depend on the relationship you have with the insurance company. I can tell you that, from our standpoint, we have in the past had insurers that say, "There are certain clients that we don't want," to which our answer is, "That's great if you have a filed reason that says this is why you want to get rid of that client. Let me know that filed reason. Otherwise they are a client and therefore to stay with you."

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Thank you very much for coming in and for a very interesting deputation.

BRAIN INJURY ASSOCIATION OF WINDSOR-ESSEX COUNTY

The Chair (Mr. Bob Delaney): Our next presentation comes from the Brain Injury Association of Windsor-Essex County, Nancy Nicholson. Good afternoon and welcome. You'll have 15 minutes to make your remarks before the committee today, followed by up to 10 minutes of questioning. This round of questioning will begin with the government. Please begin by stating your name for Hansard and then proceed.

Ms. Nancy Nicholson: My name is Nancy Nicholson. I am a brain injury survivor. Seventeen years ago, I was a commercial partner with a then-prominent law firm in the city. Seventeen years ago next week, I was in Cambridge, England, attending a law seminar with leading legal minds of the world, including the current Chief Justice of the Supreme Court of Canada. It was interesting to have tea with someone who says, "Well, when I was Prime Minister," and Mr. Trudeau would start a conversation that way.

Two weeks later I was in a car crash, and that's why I'm here today. As a result of that and two and a half years of ups and downs, I was diagnosed with mild to moderate traumatic brain injury. Problems that I experienced included depression, memory problems, reading problems, difficulties with social situations, anger management, balance, fatigue, seizures, difficulty handling financial situations, loss of identity and sense of purpose, and loss of the ability to drive a car.

I'm an intelligent person, I'm very well educated, but the solutions to these problems eluded me. It was only through the provision of the services of a cognitive therapist and occupational therapist—they attempted a drive at rehab but that wasn't very successful—that I was able to come back to the extent that I have today.

Now, I am told that because I had a very high IQ, I was able to come back much further than they anticipated I might otherwise, but it took countless hours of therapy, and that therapy is not cheap. I will never practise law again. I can no longer engage in meaningful employment. I'm no longer employed. The amount of time it would require me to complete tasks and the environment that would be required for me to do them would be prohibitive for an employer.

As was discussed in one mediation with an insurer, the therapist said, "Yes, she could practise law if you put her in a quiet room, give her unlimited time and don't disturb her." I know of no law firm where that is a reasonable term of employment. So I don't practise law.

However, I'm able to live alone. I no longer require someone to check in to. The number of times I see a doctor are much less frequent. My balance is much better and I have had far fewer falls than I had before I received treatment. I avoid situations where my temper is ignited and I have not, in the last 10 years, been escorted out of a store. Now, that may seem amusing, but I have been escorted out of stores and there have been situations where the police may have been called. The therapist said at one

point that she felt that I was a potential threat because my temper would just explode out of nowhere. That doesn't happen anymore. It's also one of the reasons why untreated people are found on our streets and in our prisons. That doesn't happen to me anymore.

I have a system that automates my bill-paying, so I am no longer at risk of going bankrupt. I have strategies in place so I no longer go out and buy things for people who say they like things. My phone automates my appointments so I get to them on time. I have multiple timers so that I can cook now and I don't throw out multiple sets of pots and pans. I can live independently, which is an extraordinary thing, because I was injured at a time when I had benefits available to me and I was able to use them within the range of benefits of available to me.

I volunteer with the local brain injury association. I'm past president of the local brain injury association. I'm a board member of the Ontario Brain Injury Association. All of these have given me a sense of purpose. I have strategies which will allow me to travel on short hops independently. I would not go, say, overseas by myself. That's just not practical. It isn't going to happen. I can ride a bus now without falling off head first, as I have done on three separate occasions. That's a pretty good thing.

I still have to work at hermitting, so I devise things that get me out of the house. I golf with the seniors' golf league in the summer, so I'm out there golfing with 85-year-old ladies, but I'm out there golfing. I have a life. I've been lucky.

I shudder to think what would have happened if I had been injured in the current regime. It would be a far different situation. I imagine someone who I know who was injured at the same time, who was severely injured, and a great deal of time was spent trying to save her life. Later, once her life was straightened out, it took almost two years for them to realize she had what was later deemed a catastrophic injury. She required the constant attention of her husband because she could not be left alone. She has had therapy since and she is much, much better, but she required a great deal of attention to get her where she is now. It would be nice if she could come a little further, but that delayed diagnosis is not uncommon. It was not uncommon for me.

The unfortunate thing about a lot of these situations is that the person who is injured is the person least able to articulate to anybody what is wrong with them or to seek help. They are the ones who have to defend themselves against a system that assumes that they are somehow defrauding the insurer. I think it's incumbent upon this group and the government—actually, let me backtrack for a minute.

The individual in question makes progress, but the services do not come as easily, as survivors are constantly asked to defend the fact that they need the services. They're retested and these tests are expensive. "You say you need something? Well, prove that you need it. Here's another test to prove that you need it."

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I know of two situations in my own case where an OT sent out examined me and said, "You need this." It was recommended. The insurance company did not provide it. They sent out the very same OT to see if I needed it. She recommended it again. Now, those costs get included in my pool of what I need, but it was recommended the first time.

Where are the committees examining the needs of the consumers of insurance policies? Brain injurees and their families frequently do not understand what is happening to them, let alone articulate to a professional machine whose sole objective is to minimize the expenses and deny them coverage. I think it's incumbent on government to make sure that the public clearly understands the consequences of proposed changes. In many cases, the changes that have been made, in reality, represent a price hike because the consumer is paying the same price for less service, in essence. To me, that's a price hike.

And it's not fair to ask the poor broker to explain that really you have to buy more for what you had before. That's not fair to impose on the poor guy who was sitting here before me. That's the job of the industry as a whole and of government, which is saying, "This is okay." The insurance should state unequivocally, "This is what you had before and this is what you will get. This is what you have now and this is what will happen to you if you have this type of injury."

Prior standing committees have asked for submissions, and people from the medical profession, those affected by the insurance industry and people like me have spoken to you and have truly felt that they're preaching to somebody who's already been converted by a vested interest. I sincerely hope that's not the case. In past time, the public was truly informed of what goes on.

This is a truly adversarial relationship between somebody who was injured and the insurance company. How many times has an insured had to retain the services of a lawyer to get benefits that were mandated by the policy they purchased? What would the elimination of legal costs do to the expenses of the insurance company? It's assuming we're deceitful. We're followed. How many times has the insurance company had to pay interest on expenses?

I know in my case, in two situations, the amount of interest that the insurance company paid to me exceeded the original claim. One was for the loss of income between the time when my disability was designated and the time my disability insurer started to pay me. That's three months. It equalled \$12,000. So they paid me another \$12,000—over \$12,000 in interest. In the other instance, the interest that they paid me exceeded \$40,000.

How are those expenses not costing the insurance company? Every time they change an adjuster, they send you for retesting. How are those not needless expenses? It seems to me that there needs to be a committee examining how the insurance industry does business in terms of this aspect of their business. There's been a colossal loss across the board—everybody, as far as

recent stock market losses. How has that not affected them? Are there not other reasons that the insurance company does not do as well? From my point of view, I think it's time. If they keep cutting, at some point in the distant future will we need insurance at all? What will we be paying for?

I respectfully submit: It's time for another standing committee to see what is contained in those expenses that are so horrendous that they have to cease—

The Chair (Mr. Bob Delaney): Just as a reminder, you've got about two minutes.

Ms. Nancy Nicholson:—that they have to keep cutting back what the driving public is receiving. And that's all I have to say.

The Chair (Mr. Bob Delaney): Thank you very much. Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you so much, Nancy, for coming this afternoon to speak to us with respect to what you've gone through over the last number of years and the recommendations that you've brought forward as well. It's evident that you've gone through a number of phases and certainly have depended on the resources in the community to help you. In turn, you're kind of paying back to the community in terms of being active in the community and ensuring that you stay active as well.

One of the points you made earlier in your comments was that you hope that we're listening. Well, I can certainly say for this group that we are listening. We've heard from many individuals over the last three days. We were in Toronto on Monday, Brampton on Tuesday and here today, so it's important for us. So I thank you for coming forward because we need to listen to individuals that have gone through the system as well. You're absolutely right with that as well. We can't get swayed or listen to one interest over another. It all has to be balanced. That's kind of what we grapple with in the committee as well, to balance all that: the needs of the individuals, the costs of the claims and then ultimately, how that reflects in the premiums as well. So we really try to balance all of those elements as well.

Just to summarize some of the recommendations that you've brought forward, I've put them into four areas, if I got it right. One is the need for those assessments and diagnoses to be done sooner than later.

Ms. Nancy Nicholson: Yes, because, to be very honest, the sooner you get treatment the better, and the greater the likelihood of long-term success. When I was president of the brain injury association, I don't know how many times I called—now, these weren't always people who were injured in auto accidents, but I would receive calls from social service agencies who would say, "If this person only had a little bit of rehab, we could get him back to work." And I think that's true. I think the thing that I failed to follow through in the bulk of my presentation is, that person who takes care of a person with a catastrophic injury—if they don't get help, they get burnt out. They need help. They end up in the medical stream as well. They cease to become financially productive themselves. They can't work. They can't earn

an income. So it just goes on, ripples through the system, and costs the government and the public the loss of income, the additional medical expenses. But if you can shorten that up and either get the person back working or get them supported so that they can be independent and their family can get back working, it benefits everyone.

The Chair (Mr. Bob Delaney): Thank you. We'll just move the rotation to Mr. Yurek.

Mr. Jeff Yurek: Thank you for coming out today. So what I'm hearing is two things: one, the catastrophic proposed changes, you're not supportive of?

Ms. Nancy Nicholson: No, I'm not at all.

Mr. Jeff Yurek: Number two, you're saying that if indeed you had had this accident of yours post-September 2010, you would not be able to have recovered to the point where you are today because your coverage would have been capped at \$50,000?

Ms. Nancy Nicholson: I would probably be in jail or on the street, to be very honest.

Mr. Jeff Yurek: So do you propose going back to the \$100,000 limit, or do you have any other ideas on how to fix the system?

Ms. Nancy Nicholson: I think there should be a complete look at the whole thing. I go back to what you were saying: It has to be a balanced approach. I'm not suggesting that there be an unreasonable approach. I'm saying: Look to see that the system runs efficiently, one, because I don't think the system is run efficiently. I've read some of the papers and there are changes that are recommended that seem to me sensible. Sometimes you miss a diagnosis. If you're trying to save somebody's life, you don't always notice that the computer is not working properly, but once you do, get them in, get them treated, because you can save us all, families and the economy, a lot of grief by getting people back to work, by getting families back to work. Why should we have 21-year-olds in nursing homes?

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There are all sorts of things that need to be changed, but I think the whole system has to be looked at. Maybe you don't need \$100,000. Maybe you need \$200,000. Maybe you need \$125,000. I don't know, but I know that pinning it down to what it is isn't a sensible thing. I think the whole system needs to be reviewed and updated to see what's workable.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh?

Mr. Jagmeet Singh: Thank you. I'll pass it on to Mr. Natyshak.

The Chair (Mr. Bob Delaney): Mr. Natyshak?

Mr. Taras Natyshak: Thank you very much, Nancy, for sharing your story with us.

Any of the changes that this committee is examining—do you see any positives for claimants within the context of any of the changes that have been proposed?

Ms. Nancy Nicholson: Not really.

Mr. Taras Natyshak: Fair enough.

Using your own experience, I'm wondering if you could tell us how, even though you fell under the parameters of some previous—you know, you've mentioned that your claim was such that you were able to access \$100,000 rather than the current \$50,000. How heavily did you have to rely on some of the social safety nets that are existing in our community to get yourself back to—

Ms. Nancy Nicholson: I was fortunate. I was a professional. I had my own disability insurance. It kicked in. I was fortunate as well that my firm was very generous and they loaned me money, because, to be very honest, I had no income until my own disability insurance kicked in.

Mr. Taras Natyshak: So you had to actually be lucky enough to fall into that category to be able to—

Ms. Nancy Nicholson: To be able to benefit, or I'd have had nothing.

Mr. Taras Natyshak: Do you see any rationale in the fact that we're cutting the liability that insurance companies would have on, you know, putting forth benefits, but yet premiums are remaining the same?

Ms. Nancy Nicholson: Well, that's one of the things I don't understand, because it is a rate hike.

Mr. Taras Natyshak: In that sense, I guess it would be. If you're paying more for—

Ms. Nancy Nicholson: It is a substantial rate hike. If you're paying the same for substantially less, it's a rate hike. I don't know how you can call it anything else. If you had this much before and you have this much less and you're paying the same premium, it's a rate hike. There's no way around that.

The one thing I cannot drive home hard enough is the fact that for somebody who has a brain injury, their family are deer in the headlights. They're struggling to cope with what has happened. They do not know the system. They don't understand anything, and they are dealing with a machine. The machine's sole purpose—I had one professional who said to me once, because I know very few people who deal with an insurance company who do not end up engaging a law firm, which is telling in itself, that "The sole purpose of the insurance company is they badger and badger and badger you; a third just drop off. They badger and badger and badger, and then the next third drops off. Then the last third holds on. That's all they care about, that they get rid of two thirds of you."

The Chair (Mr. Bob Delaney): Nancy, thank you very much for your time and for your testimony here today.

THE ADVOCATES' SOCIETY

The Chair (Mr. Bob Delaney): Our final deputation is from the Advocates' Society. Is there a spokesman in the room?

Mr. Andrew Murray: There is, assuming that this group will hear from me as the last speaker of the day.

Mr. Taras Natyshak: We were waiting for you to come back.

The Chair (Mr. Bob Delaney): Mr. Naqvi?

Mr. Yasir Naqvi: I don't know if this is a point of order, whether we can hear from the same deputant twice. I just need clarification.

The Chair (Mr. Bob Delaney): It is a point of order. While committees have in the past heard from the same deputant, it's been a judgment by the committee whether or not the committee considers the entities to be separate. The committees have the latitude to make such a choice. It is also a debatable point.

Mr. Yasir Naqvi: I just—

Interjection.

Mr. Yasir Naqvi: Oh, Mr. Yurek.

The Chair (Mr. Bob Delaney): Mr. Yurek?

Mr. Jeff Yurek: I have no problems. I mean, it's Windsor; we've travelled all this way and Mr. Murray has travelled far too. I'm pretty sure he's professional enough to wear two different hats.

The Chair (Mr. Bob Delaney): Okay. Any further discussion? Mr. Singh.

Mr. Jagmeet Singh: Similarly, we're agreeable to it. We have no issue.

The Chair (Mr. Bob Delaney): Okay.

Mr. Yasir Naqvi: I just hope that we'll hear a little bit more unique perspective from the testimony this morning.

The Chair (Mr. Bob Delaney): Then I assume it's the will of the committee that Mr. Murray be invited to make his presentation on behalf of the Advocates' Society. Is that correct?

Interjection: Yes.

The Chair (Mr. Bob Delaney): Okay. Mr. Murray, welcome back.

Mr. Andrew Murray: Thank you very much. I appreciate that indulgence. It wasn't my intention, of course, to do that, but I was asked by the Advocates' Society. They weren't able to find someone else to be here. I want you to understand that my connection with the Advocates' Society is very legitimate and not contrived.

The Chair (Mr. Bob Delaney): Just before you go, let's just go over the ground rules one more time, which, as Chair, I am required to do. You'll have up to 15 minutes to make your remarks, followed by up to 10 minutes of questioning. This round of questioning will begin with the official opposition. So, once again, state your name for Hansard, and then proceed.

Mr. Andrew Murray: Yes, it's Andrew Murray, and I'm appearing on behalf of the Advocates' Society. The Advocates' Society is a not-for-profit association of approximately 4,700 lawyers throughout Ontario, all of whom are advocates practising dispute resolution [*inaudible*] including before the Financial Services Commission of Ontario and our courts. It has a personal injury and insurance practice group that's about 2,000 people in number. That's a relatively new subgroup, and I was the first co-chair of that group, in fact, about two and a half years ago. When I became involved with another organization, I had to back off because I had my fingers in too many pies.

I stayed involved, however, with the Advocates' Society, specifically in connection with some submissions that have been prepared and I believe will be filed tomorrow—they're written submissions. There was a six-person committee that was struck to review, initially, the expert panel and then to review the superintendent's report, three of whom were defence lawyers—of that three, one practises exclusively, only, accident benefit law as a defence lawyer; two of whom were plaintiff-oriented individuals, myself and another individual who was also a past president of the Ontario Trial Lawyers Association; and one individual from a smaller city who does equal amounts of plaintiff and defence work.

The benefit, in our view, of the Advocates' Society submission is it truly represents a bipartisan recommendation coming before this group. So, it's as if all of you got together and agreed on three or four things, the weight to be held with respect to those recommendations would be elevated.

There are a couple of points that I wanted to make, but I want to address things that were not discussed in any of my earlier submissions. We looked at the issue of the FSCO mediation backlog from the Advocates' Society perspective, not to tell this group that it's a problem, because I think that's readily recognized, but to try to come up with some recommendations from our perspective—people doing this, both plaintiff- and defence-sided. So, we ultimately divided the groups of people coming before FSCO for mediations into two categories: those who are unrepresented and those who are represented. When we say represented, we did include licensed paralegals in that group, assuming that they have, as well, experience appearing before FSCO.

It's our recommendation that the benefits of mediation are certainly important for the unrepresented applicants coming before FSCO. They need the kind of hand-holding and the guidance through the system that a mediator can provide. So we do not recommend that mediations be abolished or really altered for that group of people, with the hope being, of course, that the mediations can ultimately be delivered more quickly for them. And perhaps—and it may warrant consideration—expediting the mediations for the group of people who are unrepresented, as they're least able to flounder around in the system on their own and might well benefit from a mediator either telling them that what they're asking for is completely off the wall and not something they're going to achieve, or helping to persuade the insurer that this person's needs are quite legitimate.

The second group that we looked at—the represented group—we really wanted to adhere to the principles of alternate dispute resolution as we understand them, the fundamental one being that mediation is essentially a voluntary process. The name "mandatory mediation," in our view, is a bit of an oxymoron, because "by necessity" means people are—they desire to come together and resolve their problems. So if you say, "We're forcing you to come together and resolve your problems," leaving

aside that it might take 12 months to do that, we question whether that's the best use of resources.

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We would recommend instead that, when people are represented, there be a requirement that there be a consultation of some variety—in person would be ideal, but perhaps by telephone—between counsel or the paralegal and the insurance adjuster who has carriage of that matter to basically, first of all, see if they can narrow the issues and actually have a discussion, because more often than not, all that it really takes is for the people to sit down and look at their file to sort of decide whether or not they're going to be able to resolve these things.

If, after that discussion, they can't resolve it, but they jointly feel that mediation would be beneficial, proceed on to mediation. If, as a result of their own consultation, they determine that mediation, in this case, is just not going to work—the issues are too complex or the divide is too great between them, or it's a legal issue that's really just going to need to be resolved—let those experienced people, unfettered by the need to go through mediation, make that call on their own and then proceed through to a timely adjudication of their dispute. Those are our recommendations on the FSCO mediation backlog.

We also looked at the tort system. We specifically looked at ways that maybe costs can be saved in that system or duplication can be avoided. Again, I stress that this was equally forceful coming from the defence side as from the plaintiff side, looking at the whole idea of the verbal threshold that we have that requires a claimant, when seeking compensation, to demonstrate that he or she suffers from a permanent and serious impairment of an important physical, mental or psychological function.

There's a defining regulation that says, "Here's how you have to assemble the evidence to prove that point and here's what has to be touched upon." Again, it requires treating doctors to outline what is the continuing impairment and what is the physical impairment. The plaintiffs have to get their doctors to give all of this evidence, and the defence then gets their doctors to give often competing evidence, and it really adds a layer of complexity and expense and delay, because it makes the trials longer, that ultimately, we concluded, was completely unnecessary because there's a system in place where there's a deductible. Any claim under \$100,000 is subject to a \$30,000 deductible, so if your claim is worth \$40,000, you don't get \$40,000; you get \$10,000, and the likelihood is that those claims are going to be weeded out of the system.

In our view, the threshold is a duplication, in a sense, of the screening process that's already accomplished by the deductible, but it's an unfortunate duplication because it's very costly. There's a whole cascade of consequences, like trying to figure out a limitation period. That's made more complicated because you don't know when you necessarily had a permanent and serious impairment. By eliminating that, we feel that the system could be simplified.

There is, of course, no such thing in any area other than Ottawa—a slip-and-fall case, for example—and those cases seem to work their way through the system fine.

There was another area—it may be sort of esoteric, but I hope it's of some interest to you—and it's an example of unintended consequences. We are familiar with G1 and G2 licensing—which is a good thing; I think we all agree that it's a good thing to have the staggered licensing system. But there's kind of a wrinkle that's developed as a consequence of some of the regulations surrounding when you can drive and when you can't drive. If you're a novice driver [*inaudible*] arguably not even a teaspoon, if that can be detected. If you're a novice driver—which doesn't mean somebody who's under the age of 19, by the way; it could be a 50-year-old who's getting her licence for the first time—if you have any alcohol in your system, you are not authorized by law to drive, and the effect then is that your insurance contract is vitiated. You have no liability insurance coverage when you're in an accident. If you take that same 50-year-old person who has been driving for many, many years, who is two times the legal limit—you know, grossly intoxicated—you don't lose your insurance coverage in that circumstance because it's a slightly different wrinkle.

Our group felt that somebody needed to look at this because we felt that it was simply something that nobody expected was going to happen. It shouldn't be that coverage is completely eliminated in the one instance and not in the other. It has implications for innocent victims who suffer damage by someone who then no longer has insurance.

It's not just restricted to the alcohol example. If you are a novice driver and you're driving with too many passengers in the vehicle for the number of seatbelts, you also have your insurance eliminated. Or, if you're driving a passenger after midnight—you're not supposed to do that as the novice driver. So it's 12:15, you're driving somebody. Maybe they're driving their impaired friend home and they are the sober driver. They're driving them home, it's 12:15; their insurance is wiped out. We don't think that that was probably the intention.

The last point that I want to make, and I'm not going to repeat it—I'm mindful, sir, of your remarks to me. I simply want to say, and you'll see it in the written submissions, that we were unanimous in rejecting Mr. Howell's report for many of the very same reasons that were already outlined before and which I myself even had outlined. I don't wish to repeat that, but I do wish to say that it wasn't Andrew Murray strong-arming this committee. It was definitely a collaborative effort by the group of us, who collectively felt that this was not something that we would want, as people in the know, to see our government initiate.

If there is any time, I'll just leave the balance, should there be any questions for me.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Thank you, Chair. Thanks for speaking again. It's good—

Mr. Andrew Murray: I appreciate the opportunity.

Mr. Jeff Yurek: I have a couple of questions, if we can get through them. The Auditor General's report noted that the GTA has the highest percentage of mediations. We're looking at 70% or 80%—that's just off the top of my head—because of the GTA. Do you have any reason why mediations would be higher in the GTA as compared to the rest of the province?

Mr. Andrew Murray: I can tell you that we did not speak to that specific issue in this group, so I don't want to step outside of—if you don't wish me to. I can give you a couple of comments, but our group didn't talk about it specifically.

Mr. Jeff Yurek: Go ahead.

Mr. Andrew Murray: I've actually had some consultations with the IBC and they tell me that one of the drivers of mediation is actually rehab companies, on their own initiative and in the name of the claimant, continuing disputes in the name of the claimant in order to seek recovery. So that would be one area.

I'm aware, from some of my defence colleagues that I've talked to—because, again, I wouldn't see these people; they would never be on the other side of my file. But some of my defence colleagues—I'm friendly with them—tell me about some experiences that they've had with paralegals driving the mediation process or just filing mediation after mediation. I was rather shocked to hear that because it's certainly not a practice I adhere to, but I know that there's an element of that. Beyond that, I don't have a specific explanation that I've become aware of.

Mr. Jeff Yurek: Okay, one quick question. Our auto insurance seems to be just a mess of different systems. Briefly, has your advocacy group looked at a full tort system versus a full no-fault insurance or a hybrid? Which one would you think would be the best route to look at?

Mr. Andrew Murray: I can answer it this way: We didn't think that that was part of our mandate when we were looking at this so we didn't address it specifically. But my remarks about getting rid of the threshold, in a sense, is kind of restoring a better picture of tort rights and acknowledging that the minor injury guideline that has already been imposed has gone a considerable way towards drawing back on the generous accident benefits system that existed. It's always been called a historical trade-off; you get no-fault benefits but you have to give up some of your tort rights.

On the whole, given what we've said about catastrophic impairment and how important those benefits are, I think I can comfortably speak for my group in saying that the Advocates' Society feels that there's a place for both prongs—a two-headed approach as it were.

The Chair (Mr. Bob Delaney): Mr. Natyshak.

Mr. Taras Natyshak: Thanks, Chair. Thank you, Mr. Murray. I'm really pleased that we got to hear you again because I actually learned a couple of new things,

specifically around the thresholds and the evisceration of some of the insurance rights under the graduated licensing. I'm wondering: In the drafting of the recommendations by the Advocates' Society, was there a guiding approach or principle that led you through that process?

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Mr. Andrew Murray: Yes. We were actually quite significantly guided by two pre-existing papers. One was the 2007 civil justice reform project that was commissioned from the Honourable Coulter Osborne, a very respected judge. If you haven't had that presented to you, I would encourage you to try to take a look at it. The other was the March 2009 five-year review. Coulter Osborne really emphasized proportionality in all things that we do, and we were very mindful of that, particularly in connection with the threshold. In fact, he was saying, back in 2007, to get rid of the threshold because it doesn't really add anything; in fact, it's costing more money. So we took some inspiration from him on that. We really did, in terms of the catastrophic impairment recommendations that I just basically glossed over today, look at what the mandate was with the five-year review. It says that, with respect to any future regulatory change, consideration should be given as to whether the change will increase complexity and regulatory burden. Absent a compelling reason, a change should not be made that would add complexity to the accident benefit system. So we looked at that ourselves and said, "With this proposal, is it adding complexity, and if it's adding complexity, is it warranted?" That was how we approached it.

Mr. Jagmeet Singh: You indicated that there was a difference between the tort side and the litigation side when it comes to something like a slip and fall, as compared to an automobile—could you just highlight the difference and the pros and cons of either way of proceeding?

Mr. Andrew Murray: I'll do it as briefly as I can. In a full tort system, if you are at fault for your accident, you get no compensation unless you happen to have some private insurance. In the modified tort system that we currently have for auto, you don't get to claim any money for pain and suffering unless you meet that test that I described: permanent and serious impairment. Even then, you have a \$30,000 clawback, essentially. Your income losses are reduced from the time of your accident to the date of trial to 70% of your gross income, so you'll never get that 30%. I think the notion was that that will encourage people to go back to work because you're not going to be able to recover 100% of your losses. From the time of trial forward—so, being future losses—if it's determined that you're not going back to work or you're going back in some reduced capacity, you're then able to get 100% of your future gross losses, assuming you meet all the legal tests and on the evidence.

If you were to have a slip-and-fall accident and somebody was at fault—the stair rail was all wobbly and you fell down and you suffered a bad injury—you would recover your pain and suffering, you would recover your income losses, and it would be a simpler process, just

because there are fewer hoops and hurdles that one has to go through.

The Chair (Mr. Bob Delaney): I'm just going to move the rotation to Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you. Thanks for sticking around and coming back to speak to us again. That's great.

Mr. Andrew Murray: I've enjoyed my time here.

Mrs. Teresa Piruzza: Thanks for sticking to some different issues on the second, rather than restating what you indicated earlier. The questions that were just coming forward to you really were more, I think, directed to what you were speaking to this morning with respect to some of those elements.

I'd like to bring you back to your role as the advocate, your role in representing individuals through either alternative dispute resolution systems, mediation and the like, and the dispute resolution system through FSCO, recognizing, as you said earlier, that there has been a spike in that. There also have been approaches on behalf of FSCO and to the government to recognize that and to put more resources into that, and in fact, through the last budget, to indicate that there will be a review of that system to see what needs to change in that. So I'd just like you to speak more towards that dispute resolution system and your role as the advocate, rather than what we already discussed this morning with you.

Mr. Andrew Murray: My role as the advocate is a lot of hand-holding with my client and trying to help them to understand how it's going to unfold. It's to be fair and transparent at all times. I do want to say that I am seeing in my practice the beginnings of some improvement now with getting earlier dates when necessary. My clerk is very good at sort of triaging it and saying, "We've got to get this person looked after now. They can't wait." We'll write a letter, and then we've moved up the list. That wasn't possible before, so I can only attribute it to some of the action that has been taken most recently.

My frustration as an advocate is that oftentimes I feel like I'm speaking to myself, so I'm giving a monologue and there's nobody there on the other side who is really listening or responding. I might not get any responding materials at all, so I won't even really know what's the real nature of their denial. Or I get somebody—and I get

along with all these people; it's the way I do my business. But they say, "It's been eight months outstanding; I just got it yesterday, Andrew. I can't really do anything with it. Why don't we just fail the mediation now?" after having waited eight months.

I don't know; maybe I'm not addressing the issue you had—

Mrs. Teresa Piruzza: No, I understand. From what I'm hearing from you, then, part of the issue with the mediation is the timing or the response of the other party, which would be the insurance company that you're working with your client on behalf of. Correct?

Mr. Andrew Murray: Yes. Of course, they are always, 100% of the time, in the role of responding. I don't know if people are aware of that, but insurance companies can't file mediation applications. If they want to get money back from an overpayment or something, or dispute an issue, they can't initiate it. So it's always a one-way street coming on the claimant's side.

Mrs. Teresa Piruzza: That's right. So I guess, as we look at that dispute resolution system, that's an element that we'd have to look at, the timeliness of response.

Mr. Andrew Murray: Yes. You know, a recommendation that I would have is to really look at the practice of having insurance companies have a dispute resolution specialist who is a separate person from the adjuster, because the adjuster knows these files much better. It's on their desk. So you'll get to a mediation and you'll have to explain everything anew to a new person whose only job is to do mediations and, you know, either fail them or try to resolve them in some fashion. I can see why somebody thought that was a good idea in theory, but in practice I actually think it inhibits the ability to deal with it in a meaningful way. But that's an insurance-side issue about how they've organized them.

The Chair (Mr. Bob Delaney): Well, Mr. Murray, you have been our bookends for the day, and I must acknowledge your forbearance. Very often, proceedings of standing committees aren't exactly gripping with suspense. So thank you for the second time for having come in and for sharing our company on this day.

For committee members and staff returning to Toronto on the flight, we have 30 minutes before the bus leaves. We are now adjourned.

The committee adjourned at 1527.

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